



NLB Group Presentation

1Q2020 Results



Disclaimer

This presentation has been prepared by Nova Ljubljanska banka d.d., Ljubljana (the "Company"). This presentation has been prepared solely for the purpose of informative presentation of the business conduct of the Company. This presentation has not been approved by any regulatory authority and does not constitute or form part of any offer to sell or issue or invitation to purchase, or any solicitation of any offer to purchase, any securities of the Company, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

This presentation should not be considered as a recommendation that any recipient of this presentation should purchase or sell any of the Companies financial instruments or groups of financial instruments or assets. This presentation does not include all necessary information, which should be considered by the recipient of this presentation when making a decision on purchasing any of the the Companies financial instruments or assets. Each recipient of this presentation contemplating purchasing any of the Companies financial instruments or assets should make its own independent investigation of the financial condition and affairs, and its own appraisal of the Companies creditworthiness. Any corporate body or natural person interested in investing into Companies financial instruments or assets should consult well-qualified professional financial experts and thus obtain additional information. The information and opinions contained in this presentation are provided as at the date of the presentation and are subject to change. No reliance may or should be placed by any person for any purposes whatsoever on the information contained in this presentation, or on its completeness, accuracy or fairness.

The presentation has not been independently verified and no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of their respective parent or subsidiary undertakings or associated companies, or any of such person's respective directors, officers, employees, agents, affiliates or advisers, as to, and no reliance should be placed for any purpose whatsoever on the truth, fullness, accuracy, completeness or fairness of the information or opinions contained in this presentation or any other information relating to the Company, its subsidiary undertakings or, associated companies or affiliates, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available and no responsibility or liability whatsoever is assumed by any such persons for any such information or opinions or for any errors or omissions or for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. The information in this presentation is subject to correction, completion and change without notice..

This presentation does not purport to contain all information that may be required to evaluate the Company. In giving this presentation, none of the Company or any of their respective parent or subsidiary undertakings or associated companies, or any of such person's respective directors, officers, employees, agents, affiliates or advisers, or any other party undertakes or is under any obligation to amend, correct or update this presentation or to provide the recipient with access to any additional information that may arise in connection with it. None of the foregoing persons accepts any responsibility whatsoever for the contents of this presentation, and no representation or warranty, express or implied, is made by any such person in relation to the contents of this presentation. To the fullest extent permissible by law, such persons disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise, which they might otherwise have in respect of this presentation. Recipients should not construe the contents of this presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters.

To the extent available, the industry, market and competitive position data contained in this presentation come from official or third party sources. Third industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company have not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this presentation come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. While the Company reasonably believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

This presentation may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of the Company. The manner of distributing this presentation may be restricted by law or regulation in certain countries, including (but not limited to) the United States, Canada, Australia or Japan. Persons into whose possession this presentation may come are required to inform themselves about and to observe such restrictions. By accepting this presentation, a recipient hereof agrees to be bound by the foregoing limitations.

NLB is regulated by The Bank of Slovenia i.e. "Banka Slovenije, Slovenska 35, 1505 Ljubljana, Slovenia" and by The Securities Market Agency i.e. "Agencija za trg vrednostnih papirjev, Poljanski nasip 6, 1000 Ljubljana, Slovenia.

NLB Group Highlights

Key developments

- **Covid-19 outbreak**

- Government measures: immediate intervention measures & strategic measures.
- NLB Group measures: necessary measures to protect customers and employees by ensuring safety conditions and ensuring services are provided without disruption.
- Clients turned to digital channels and the Bank proved to be well prepared also for such circumstances

- **Acquisition of Komercijalna banka a.d. Beograd**

- On 26 February, NLB entered into a share purchase agreement with the Republic of Serbia for the acquisition of an 83.23% ordinary shareholding in Komercijalna Banka a.d. Beograd
- The closing of the transaction is expected in Q4 2020

- **Capital measures**

- ✓ Tier 2 issuances in total amount of **EUR 285m**
- ✓ Discussions with MIGA for guarantee agreements, which could reduce the risk weighted assets of NLB d.d. on consolidated level by around EUR 300 million
- ✓ Inclusion of minorities underway

- **Regulatory changes**

- New P2R composition (the P2 additional own funds requirement to be held in the form of CET1 capital, shall, instead, be held in the form of 56.25% of CET1 capital and 75% of Tier 1 capital, as a minimum)
- MREL requirement: 15.56% of Total Liabilities and Own Funds (TLOF) on sub-consolidated level of the NLB Resolution Group from 31 December 2021 onwards
- ECB/BoS ban for 2019 dividend payments








- **Annual General Meeting**

- 35th General Meeting of NLB d.d. will be held in Ljubljana, on 15 June 2020



COVID-19 Impact

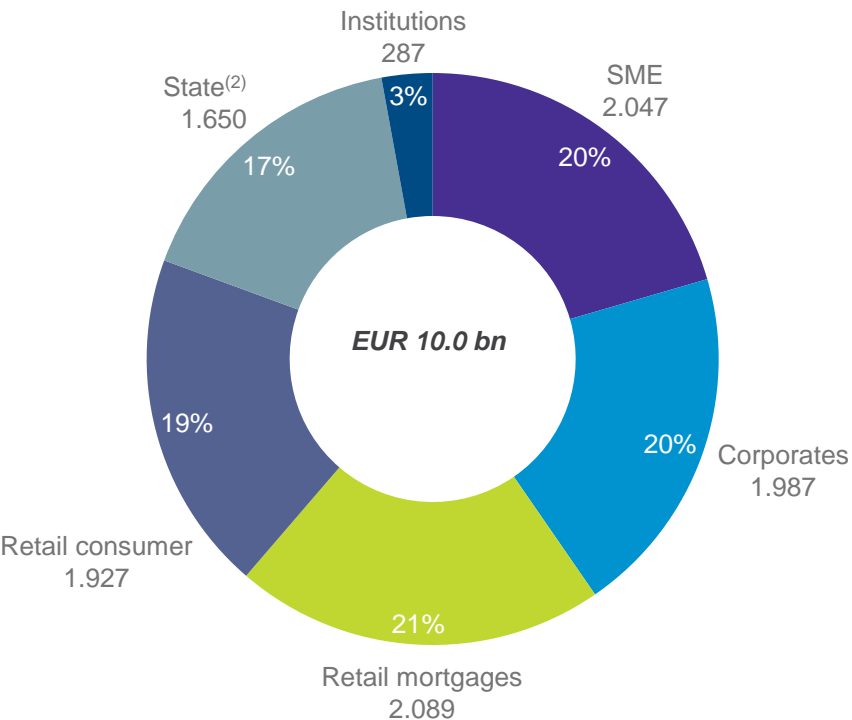
Covid-19 measures by country

	Moratorium	Other CB / regulatory measures	Gov't aid
 Slovenia	<ul style="list-style-type: none"> ✓ Max 12 m • Opt-in mode 	<ul style="list-style-type: none"> • 2019 dividend payout banned • Capital and operational relief by the ECB 	<ul style="list-style-type: none"> • First stimulus package 3 bn EUR: to cushion the impact of coronavirus on Slovenia's economy and people: preserve jobs, improve liquidity, aid to agriculture; etc. • Second stimulus package 2 bn EUR: needed changes to the first package plus state guarantee for SMEs and corporates
 North Macedonia	<ul style="list-style-type: none"> ✓ Min 3 m • Opt-in mode (Retail, SME) • Opt-out mode (Corporates) 	<ul style="list-style-type: none"> • Reintroduction of non-standard reserve requirement • 2019 dividend payout banned 	<ul style="list-style-type: none"> • Financial support to companies for salaries payment • Subsidy for the amount of 50% of the social security contribution • WB loan facility announced: 100-140 m EUR • EU mechanism for help announced: 100-140 m EUR
 R. Srpska	<ul style="list-style-type: none"> ✓ Max 6m • Opt-in mode 	<ul style="list-style-type: none"> • Dividends and variable payments banned • New structural liquidity requirement regulation in preparation 	<ul style="list-style-type: none"> • Solidarity fund introduced to cover min salary and social contribution payments to closed businesses • 330m EUR IMF facility and 250m EUR EU financial assistance granted (to BiH) • Guarantee scheme announced, no details so far
 Federation BiH	<ul style="list-style-type: none"> ✓ Max 6m • Opt-in mode 	<ul style="list-style-type: none"> • Dividends and variable payments banned • New structural liquidity requirement regulation in preparation 	<ul style="list-style-type: none"> • 1-1.5bn EUR Program: min salary and social security contribution paid to closed businesses, tax deferral, guarantee fund established • 330m EUR IMF facility and 250m EUR EU financial assistance granted (to BiH) • Guarantee scheme in the amount of 40m EUR
 Kosovo	<ul style="list-style-type: none"> ✓ Moratorium until 30th April • Opt-in mode 	<ul style="list-style-type: none"> • Waiver of Central bank regulation on Credit risk area, few measures canceled on liquidity risk 	<ul style="list-style-type: none"> • Postponement of tax payments for central and local government • Introduction of social package in the amount of 179 m EUR • Guarantee scheme –Micro and sole traders for liquidity needs up to EUR 10t loan with maturity of 24 months, the total Guarantee fund is EUR 15 mio -50% of the amount will be guaranteed by the Kosovo Credit Guarantee Fund, 30% by the KS Government, 50% of the interest will be subsidized by the KS Gov
 Montenegro	<ul style="list-style-type: none"> ✓ Min 3 m • Opt-in mode 	<ul style="list-style-type: none"> • Prohibition to banks from paying dividends • Allowed breach of concentration limits 	<ul style="list-style-type: none"> • Credit lines to improve liquidity of companies (max 3m EUR) • Tax deferrals
 Serbia	<ul style="list-style-type: none"> ✓ During state of emergency • Min 3 m • Opt-out mode 	<ul style="list-style-type: none"> • 500 mEUR liquidity aid • Reference rate drop by 50bps to 1.5% • Agreement with banks to strengthen capital and not to pay dividends 	<ul style="list-style-type: none"> • 5 bnEUR Program • Min. salary paid for SMEs • State loans, guarantees to SMEs • Tax deferrals • Guarantee scheme – 2bn EUR state guarantee program for SME corp. clients. State would guarantee 80% of exposure, however up to 24% gross exposure (or 480m EUR in absolute amount) in case if whole originated portfolio would default. The banks are able to participate in this scheme accord. to their current market shares, with certain adjustments based on success in campaigning.

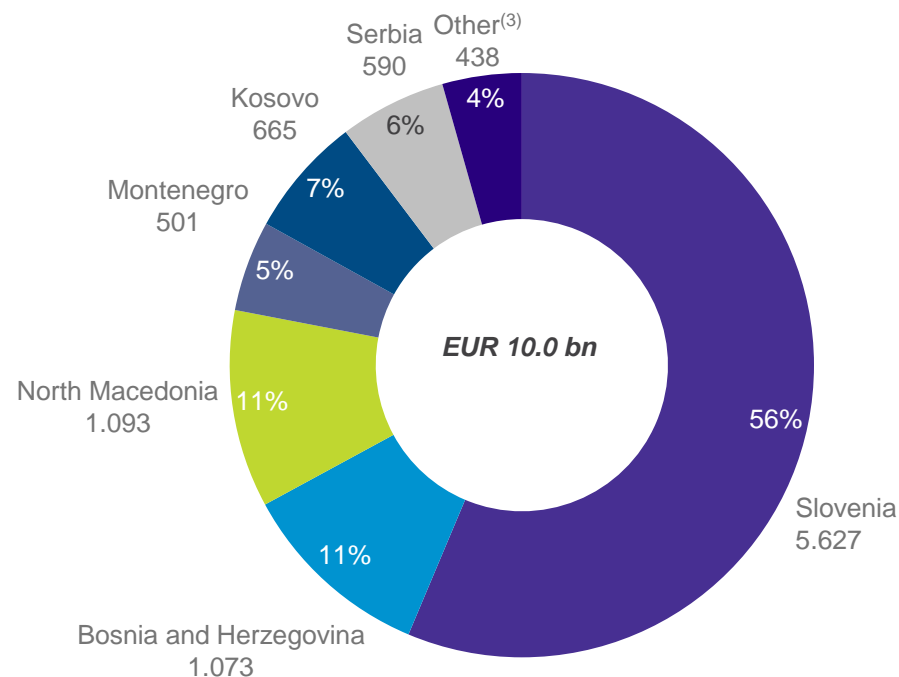
NLB Group Assets by segment and geography

Well diversified credit portfolio, with substantial retail exposure

Credit portfolio⁽¹⁾ by segment (Group, 31 Mar 2020, EURm)



Credit portfolio⁽¹⁾ by geography (Group, 31 Mar 2020, EURm)



Segmentation by industry & sectors

Limited exposure to sectors considered as sensitive

Corporate sector, industry structure	Performing loans	
Accommodation and food service activities	95,663,755.47	2.58%
Act. of extraterritorial org. and bodies	18,806.77	0.00%
Administrative And support service activities	108,843,969.09	2.93%
Agriculture, forestry and fishing	136,668,579.93	3.68%
Arts, entertainment and recreation	13,955,117.96	0.38%
Construction industry	243,838,919.13	6.57%
Education	13,974,177.92	0.38%
Electricity, gas, steam and air conditioning	155,269,815.04	4.18%
Finance	110,598,239.18	2.98%
Human health and social work activities	21,173,762.84	0.57%
Information and Communication	186,238,155.22	5.02%
Manufacturing	864,266,702.81	23.29%
Mining and quarrying	17,495,131.31	0.47%
Professional, scientific and Techn. Activities	81,557,679.19	2.20%
Public admin., defence, compulsory social	116,601,862.42	3.14%
Real estate activities	145,435,801.58	3.92%
Services	81,817,113.02	2.20%
Transport and Storage	565,444,278.23	15.24%
Water supply	25,987,000.39	0.70%
Wholesale And retail trade	726,343,117.78	19.57%
other	92,442.22	0.00%
Total	3,711,284,427.49	100.00%

Accommodation	Performing loans	
Hotels and similar	63,550,411.00	1.71%
Accommodation	14,960,718.00	0.40%
Restaurants and mobile food	10,900,261.00	0.29%
Others	6,252,365.00	0.17%
	95,663,755.00	2.58%

Manufacturing (main sub industries - related to car industry)	Performing loans	
Manufacture of electric motors, generators and transformers	35,555,303.63	0.96%
Manufacture of metal structures and parts of structures	23,025,523.43	0.62%
Manufacture of other parts and accessories for motor vehicles	21,037,060.56	0.57%
Manufacture of batteries and accumulators	12,668,527.09	0.34%
Casting of light metals	16,512,615.17	0.44%
Manufacture of electricity distribution and control apparatus	9,578,870.98	0.26%
Manufacture of other pumps and compressors	4,749,304.37	0.13%
Manufacture of fluid power equipment	3,634,623.13	0.10%
	126,761,828.37	3.42%

Transport	Performing loans	
Exposure to client with State Guarantee	393,194,298.63	10.59%
Land transport (passenger)	22,089,862.81	0.60%
Land transport (freight and pipelines)	79,126,658.84	2.13%
Postal services	17,966,436.18	0.48%
Water transport (all)	1,511,283.14	0.04%
Air transport (all)	168,055.64	0.00%
	514,668,652.05	13.87%

- Accommodation, Manufacturing (related to Car industry only) and Transport represents 9.27% (0.34bn EUR) of corporate exposure (excl. exposure to corporate client with state guarantee)

Portfolio response

Moratorium structure of NLB Group, by non-financial corporation and households (as at 1 May 2020, EURm)

NLB-Group	Gross book value			Number of applications			% of relevant book		
	Approved	Rejected	In process	Approved	Rejected	In process	Approved	Rejected	In process
Total requests	1,114	471	640	52,960	2,067	8,469	13.9%	5.9%	8.0%
o/w Non-financial corporation	627	96	165	4,103	68	542	7.8%	1.2%	2.1%
o/w Households	479	373	459	48,846	1,989	7,914	6.0%	4.7%	5.7%

Serbia and Macedonia implemented such schemes on an opt-out basis, which means that a relatively large share of exposures have been included.

NLB D.D.	Gross book value			Number of applications			% of relevant book		
	Approved	Rejected	In process	Approved	Rejected	In process	Approved	Rejected	In process
Total requests	222	52	214	3,798	459	3,846	4.6%	1.1%	4.4%
o/w Non-financial corporation	129	39	105	323	27	297	2.7%	0.8%	2.2%
o/w Households	92	11	93	3,465	423	3,536	1.9%	0.2%	1.9%

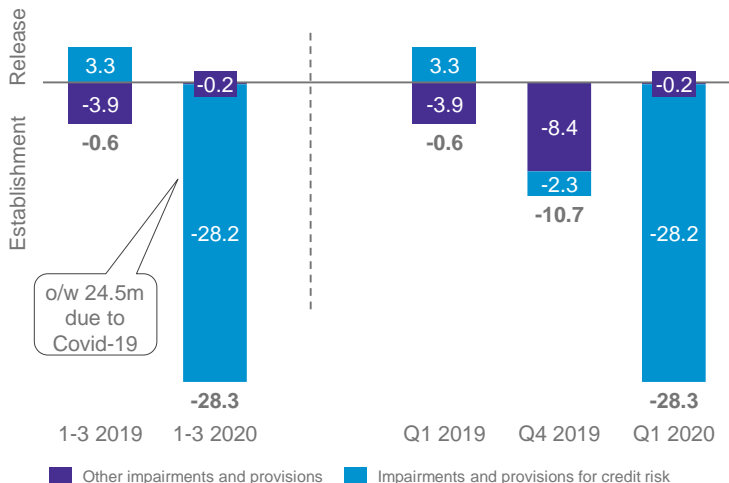
Strategic foreign markets	Gross book value			Number of applications			% of relevant book		
	Approved	Rejected	In process	Approved	Rejected	In process	Approved	Rejected	In process
Total requests	892	419	426	49,162	1,608	4,623	9.4%	4.8%	3.6%
o/w Non-financial corporation	497	56	60	3,780	41	245	5.2%	0.4%	0.0%
o/w Households	387	363	366	45,381	1,566	4,378	4.1%	4.5%	3.8%

- On NLB Group level EUR 1,114 million moratorium approved so far, 56% to Non-financial corporations and 44% to Households.
- The amount represents 13.9% of total gross book in the two segments.
- Rejection rate is approximately 7.5%.
- Additional EUR 640 million are still to be processed.
- Moratorium will mitigate asset quality deterioration (freezing of DPD counter and suspension of automated forbearance flag), but asset quality deterioration likely even during moratoria as rating process in the corporate segment is ongoing as well as monitoring of Retail.
- Intra-moratorium IFRS9 stage migration: individual review of corporates as well as expert-opinion-based portfolio assessment for retail expected to lead to S1/S2 migration and contribute to provision increase in 2Q2020. In 1Q2020 weaker macroeconomic assumptions were incorporated into IFRS9 provision calculation, which contributed to one-off increase of pool provisions in this period.

Impairments and provisions & cost of risk

Cost of risk high

Impairments and provisions (Group, EUR m)



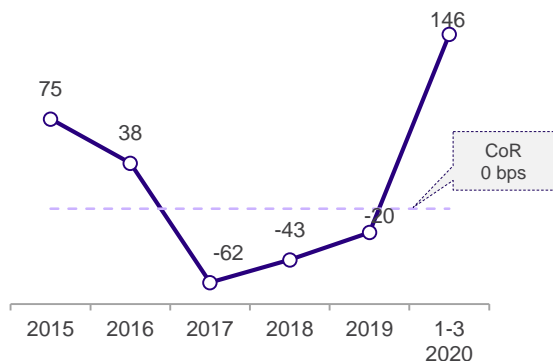
In first three months of 2020, the Group established EUR 28.3 million of **net impairments and provisions**, while in the same period of previous year EUR 0.6 million.

Impairments and provisions for credit risk were net established in the amount of EUR 28.2 million and thus the cost of risk was high, 146 bps. Cost of risk in Q1 2020 without COVID-19 effect is 18 bps.

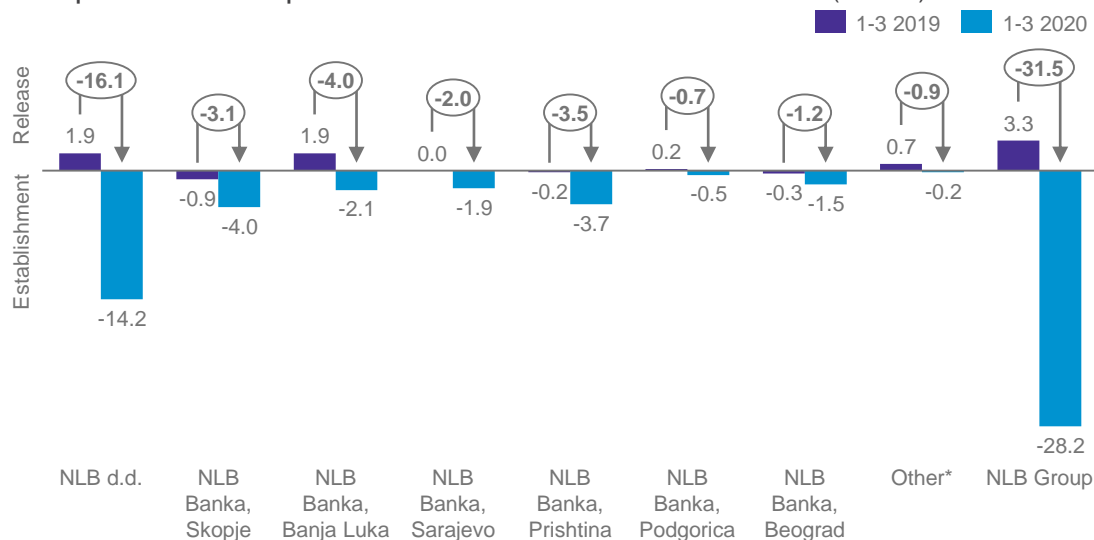
New **credit impairments and provisions** in total amount of EUR 24.5 million were established in Q1 2020 due to COVID-19 outbreak (recalculation of all parameters is performed annually, usually in the second quarter of the year, but since the macroeconomic environment has changed significantly since the year-end, additional ECL were recognised in all banks already in Q1, based on current assumptions).

Other impairments and provisions in Q1 2020 were net established in the amount of EUR 0.2 million, while in the same period of 2019 EUR 3.9 million.

Cost of risk⁽¹⁾ (Group, bps)



Impairments and provisions for credit risk – contribution (EURm)



Note: (1) Cost of risk = credit impairments and provisions (annualised level) / average net loans to customers;

*Other includes: NLB Srbija, NLB Crna gora, Leasing companies, LHB Frankfurt and NLB InterFinanz



Key Developments

Key performance indicators of NLB Group

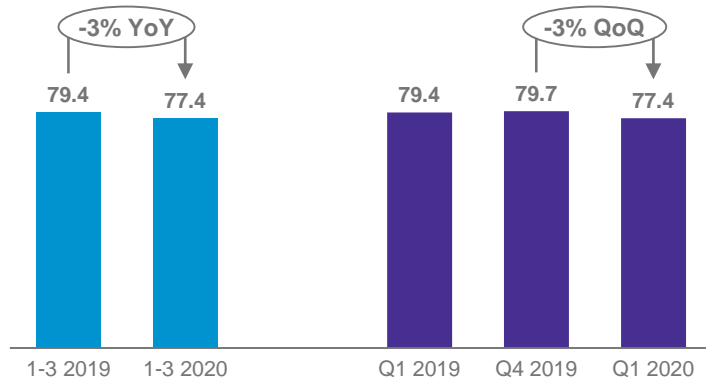
	Medium-term targets set in 2018 ⁽¹⁾			Medium term ⁽⁸⁾
	YE 18	YE 19	Q1 20	
Net interest margin ⁽²⁾	2.56%	2.48%	2.29%	>2.7%
Loans to deposits ratio	68.3%	65.5%	66.6%	<95%
Total capital ratio	16.7%	16.3%	18.5%	15.75% ⁽⁷⁾
Cost-income ratio	58.5%	58.7%	60.3%	~50%
Cost of risk ⁽³⁾	-43 bps	-20 bps	146 bps	<90bps ⁽⁵⁾
Return on equity (RoE)	11.8%	11.7%	4.3%	~12.0%
Dividend payout	70%			~70% ⁽⁶⁾
NPE ratio ⁽⁴⁾	4.7%	2.7%	2.7%	<4.0%

Source: Company information

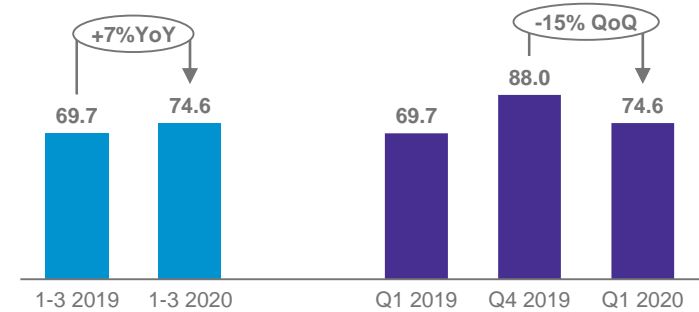
Note: (1) Target set by NLB management as a part of their financial projections for 2019-2023; (2) Calculated on the basis of interest bearing assets; interest margin data for 2018 are adjusted to new methodology (calculation based on the number of days for the period). (3) Calculated as credit impairments and provisions over average net loans to customers; (4) Based on EBA definition. (5) CoR < 90bps should be read as NLB Group's limit that should not be exceeded even in deteriorated economic conditions. (6) The payment of dividends by NLB, will depend on NLB's capital structure, risk appetite, profits, financial condition, regulatory requirements, general economic and business conditions, and future prospects. (7) Revised in April 2020 (from 16.25%); target total capital ratio is regularly revised by the competent bodies to reflect each time the applicable capital requirements. (8) Mid-term target is subject to review as COVID-19 will likely have a negative impact on achievement of the target within the originally foreseen timeframe (2023).

Revenues and Cost Dynamics

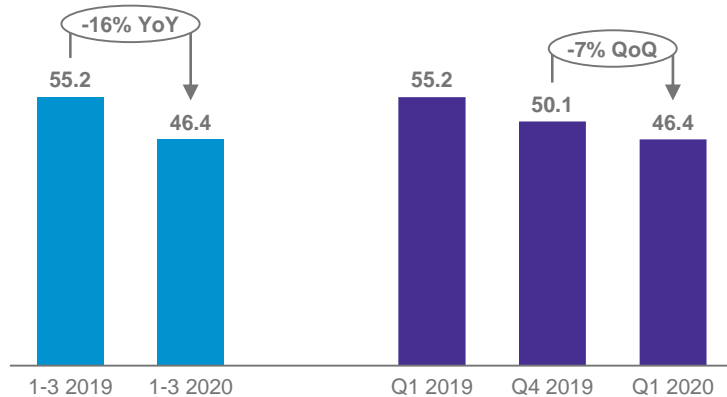
Net interest income (Group, EURm)



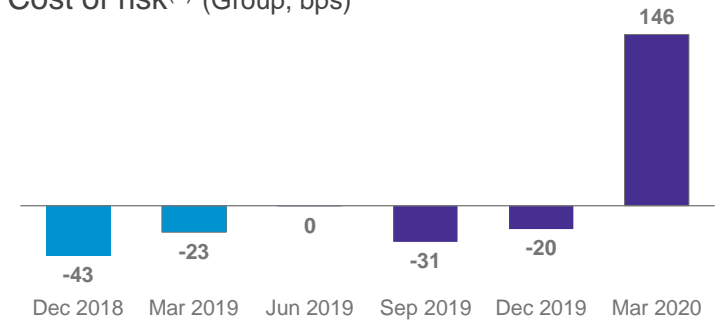
Costs (Group, EURm)



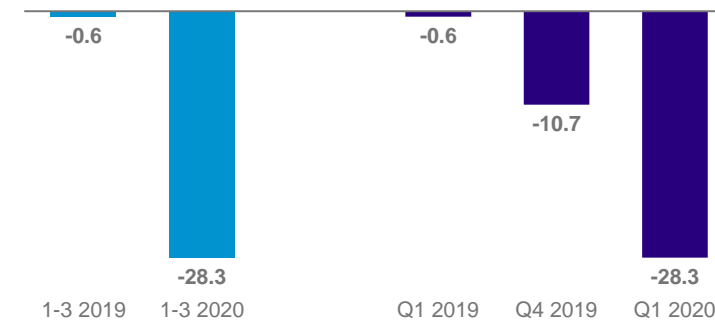
Net non-interest income (Group, EURm)



Cost of risk⁽¹⁾ (Group, bps)



Net impairments and provisions (Group, EUR m)

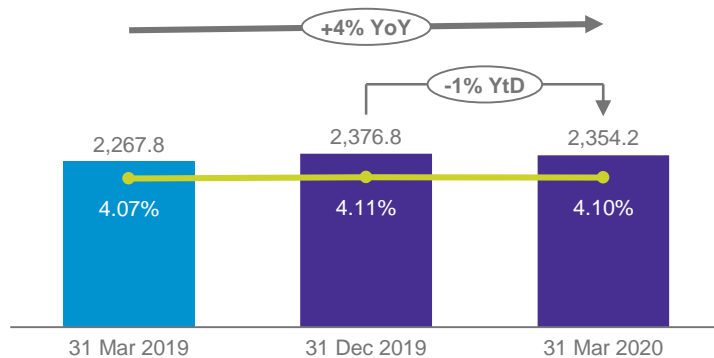


Note: (1) Cost of risk = credit impairments and provisions (annualised level) / average net loans to customers;

Loan dynamics

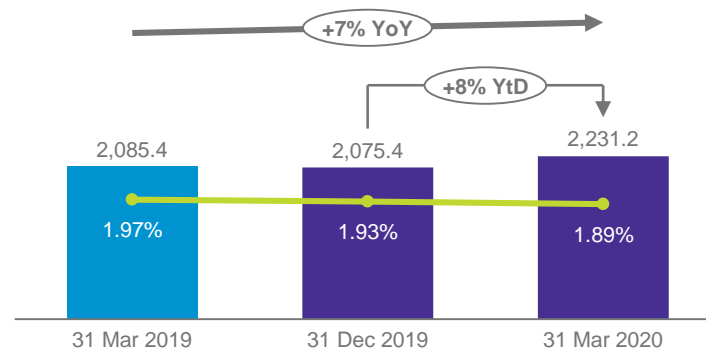
NLB d.d.⁽¹⁾

Gross loans to individuals



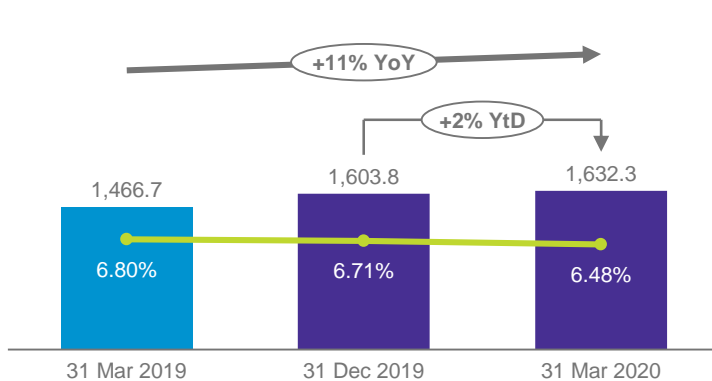
Gross loans to individuals (in EUR million)
Yields - loans to individuals

Gross loans to corporate

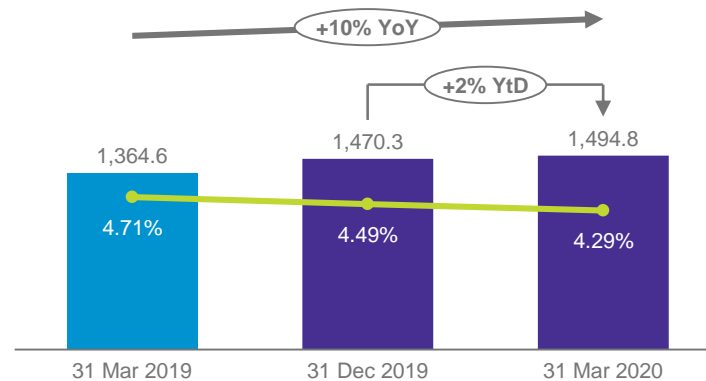


Gross loans to corporate (in EUR million)
Yields - loans to corporate

Strategic foreign markets⁽²⁾



Gross loans to individuals (in EUR million)
Yields - loans to individuals

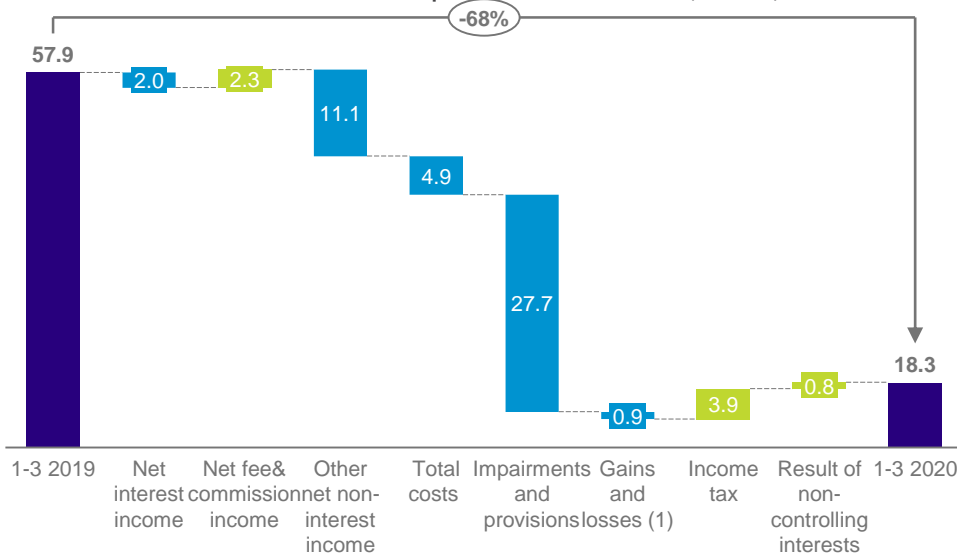


Gross loans to corporate (in EUR million)
Yields - loans to corporate

Note: (1) Without funding of subsidiaries; (2) Only banks also before new segmentation from 2019 on; consolidated data for volumes.

Income Statement

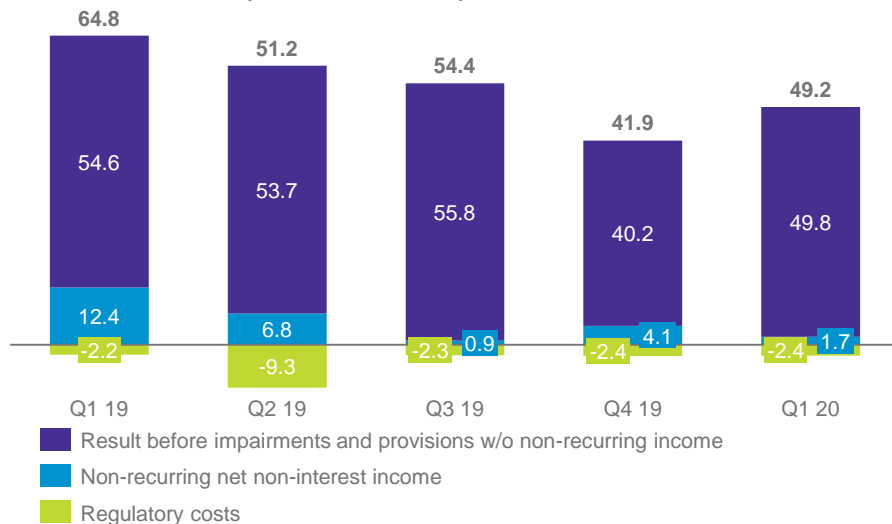
Result after tax of NLB Group – evolution YoY (EURm)



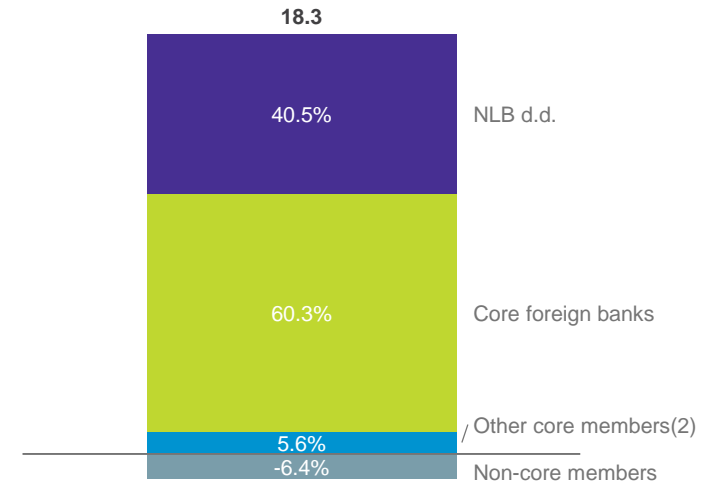
In Q1 2020, NLB Group generated **EUR 18.3 million of profit after tax**:

- Net interest income was lower by EUR 2.0 million (3%), mainly due to an increase in interest expenses in the Bank (new subordinated Tier 2 instruments issued in 2019 and Q1 2020), which was partially compensated with the loan volume growth.
- Higher net fee and commission income by EUR 2.3 million YoY (6%), mainly from the retail segment in the banking subsidiaries in SEE. An increase was recorded from total fees from basic accounts, payment transactions, and cards and ATM operations (3% in total), and also in fees from investment funds and bancassurance business. Due to the COVID-19 outbreak a decrease of net fee and commission income in the second half of March 2020 was recorded (fewer withdrawals and payments made by customers).
- Total costs higher by EUR 4.9 million or 7%, mostly due to higher employee costs, costs of services and IT.
- Net established impairments and provisions were EUR 28.3 million, while in the same period of previous year EUR 0.6 million. New credit impairments and provisions in total net amount of EUR 24.5 million established in Q1 2020 due to COVID-19 outbreak.

Result before impairments and provisions (Group, EURm)



Contribution to the NLB Group consolidated result a.t. (EURm)

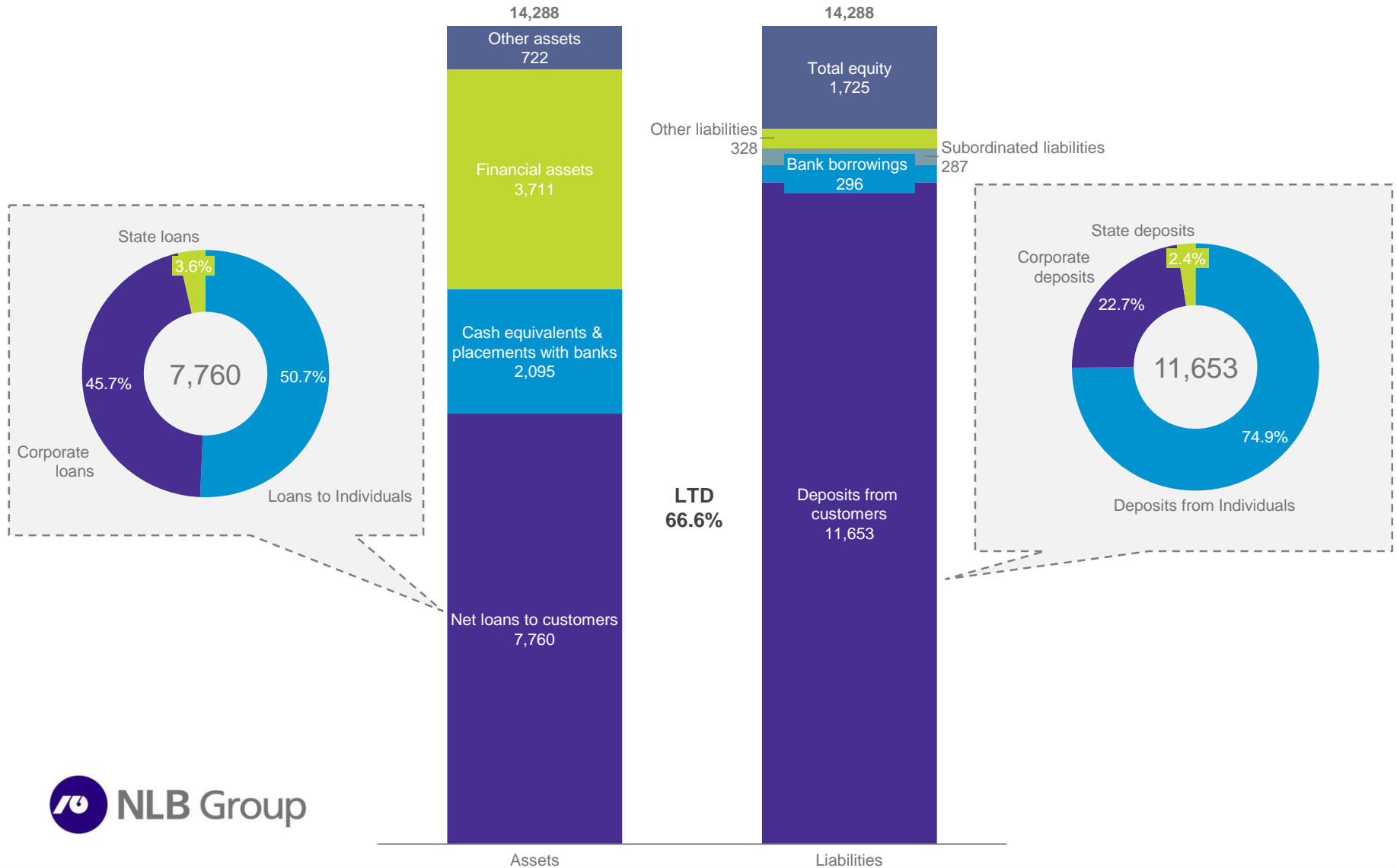


Notes: (1) Gains less losses from capital investments in subsidiaries, associates, and joint ventures. (2) NLB Skladi, NLB Vita and Bankart.

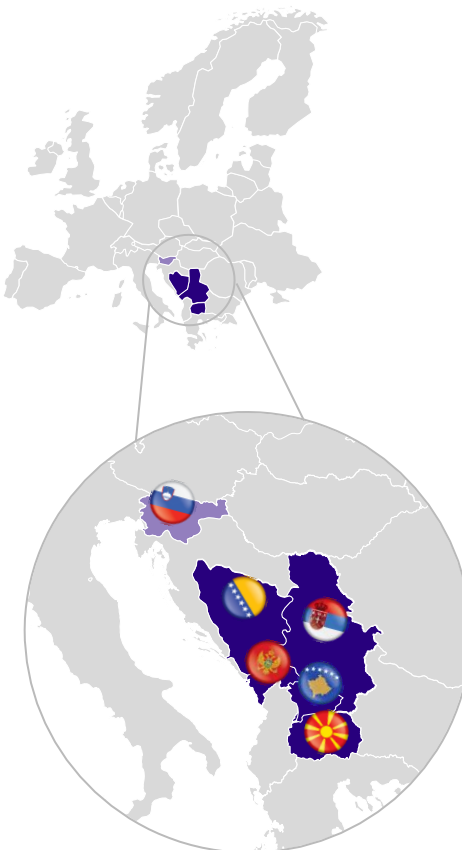
Balance sheet structure – NLB Group








Simple client business driven balance sheet

(31 Mar 2020, in EUR million)



NLB Group – performance indicators across SEE countries



	Slovenia	North Macedonia	Bosnia and Herzegovina	Kosovo	Montenegro	Serbia	NLB Group	
								
	NLB d.d., Ljubljana	NLB Banka Skopje	NLB Banka Banja Luka	NLB Banka Sarajevo	NLB Banka Prishtina	NLB Banka Podgorica	NLB Banka Beograd	
	Data on stand-alone basis							Consolidated data*
Result after tax (EURm)	7.5	4.9	1.4	0.9	2.6	0.1 ⁽⁶⁾	0.3	18.3
Total assets (EURm)	9,946	1,472	769	634	800	530	633	14,288
RoE a.t.	2.2%	9.1%	6.1%	4.2%	11.8%	0.7%	1.5%	4.3%
Net interest margin⁽¹⁾	1.65%	3.43%	2.41%	2.95%	4.12%	4.16%	3.64%	2.29%
Cost/income	68.0%	41.5%	47.9%	56.2%	32.8%	55.0%	73.4%	60.3%
Loans/Deposits % (net)	59.8%	77.7%	67.6%	79.6%	80.8%	87.0%	100.2%	66.6%
NPL ratio	3.0%	4.4%	1.3%	2.8%	1.6%	3.8%	1.5%	3.9%
NLB ownership (%)		87.0%	99.8%	97.3%	81.2%	99.8%	99.9%	/
No. of branches (#)	92	53	53	37	34	19	28	316
Market share by total assets (%)	23.6%	16.1% ⁽⁴⁾	18.3% ^(2, 4)	5.3% ^(3, 4)	17.8%	11.8% ⁽⁵⁾	1.7% ⁽⁴⁾	/

Note: Financial data as of March 2020

*Consolidated data. Including non-core members and other activities and other core members.

(1) Calculated on the basis of interest bearing assets; (2) Market share in the Republic of Srpska; (3) Market share in the Federation of BiH; (4) Data for market share as of 31 Dec 2019; (5) Data for market share as of 29 Feb 2020. (6) Bank achieved profit before impairments and tax in the amount of EUR 2.8 million. Net profit in the amount of EUR 0.1 million exceeds YoY result but is impacted by additional provisions that were formed for one litigation case (EUR 2.2 million)

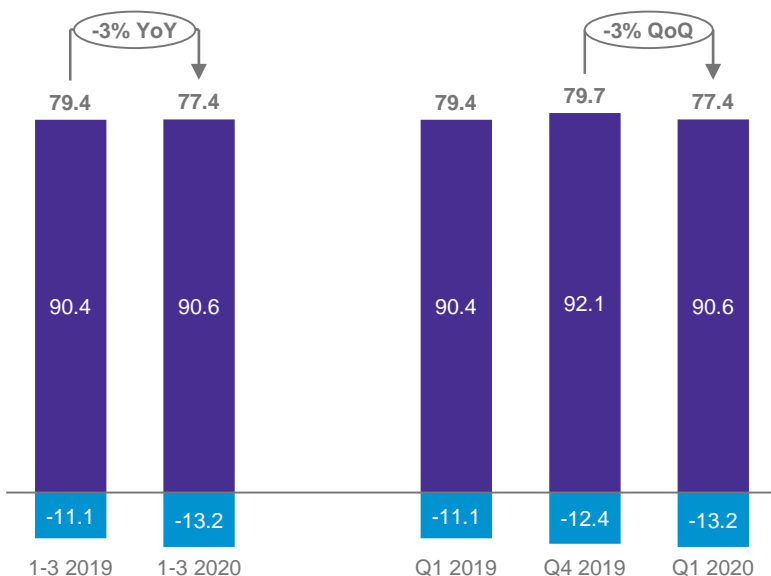


Business Performance

Net interest income & net interest margin

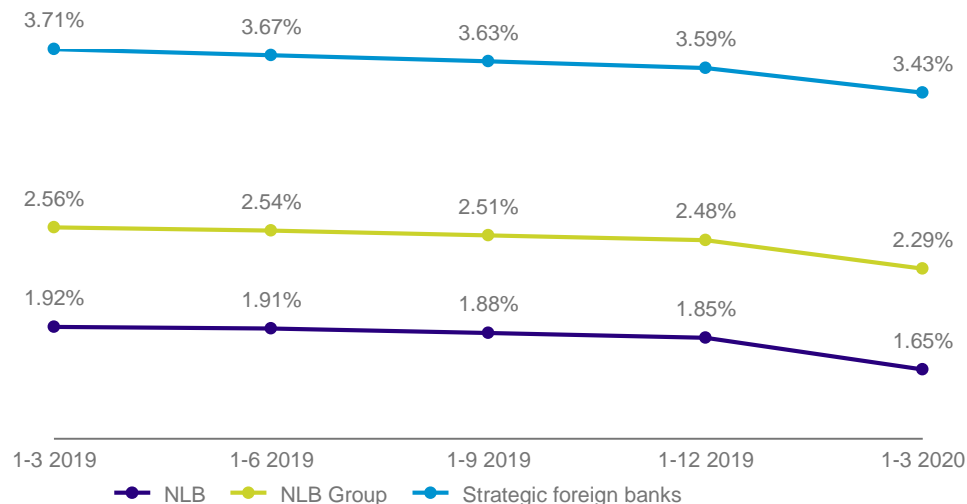
Interest income remains under pressure

Interest income (Group, EURm)

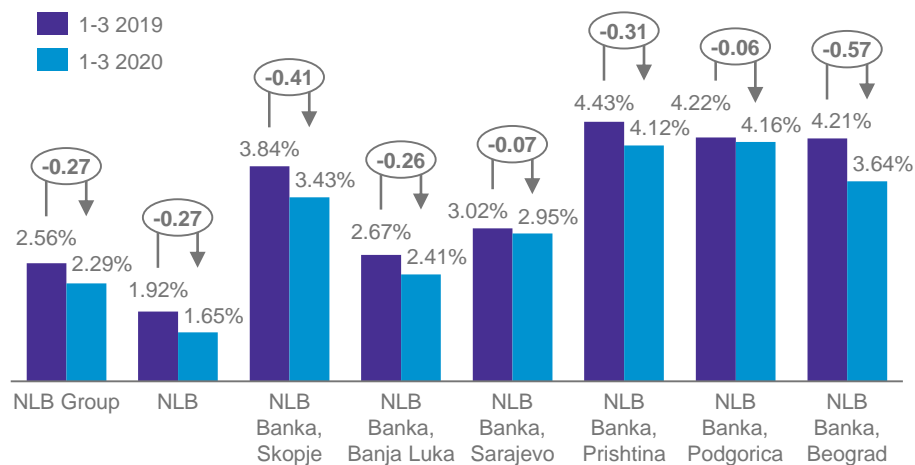


Interest income Interest expenses

Net interest margin⁽¹⁾ (Group, %)



Net interest margin⁽¹⁾ in NLB Group banks (in %)



Source: Company information
Note: (1) Calculated on the basis of interest bearing assets.

Net interest income drivers – NLB d.d.

Interest income⁽¹⁾

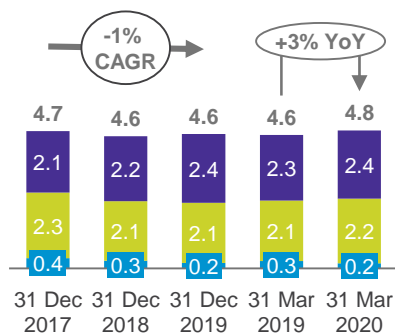
- NLB d.d.'s loan book volume is increasing.
- The structure is changing in favour of retail loans with higher interest rates which is reflected in higher interest income in Q1 2020 compared to the same period of 2019.

■ Individuals ■ Corporate ■ State

Drivers

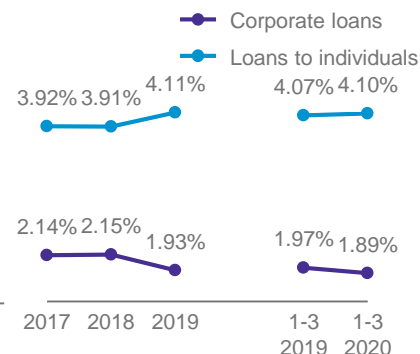
Volume (in EUR billion)

Gross loans



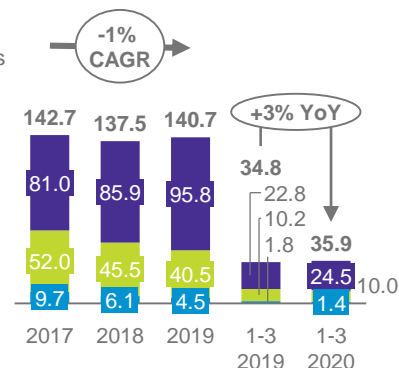
Yields and rates

Loan yields



Interest income / expenses (in EUR million)

Interest income from loans

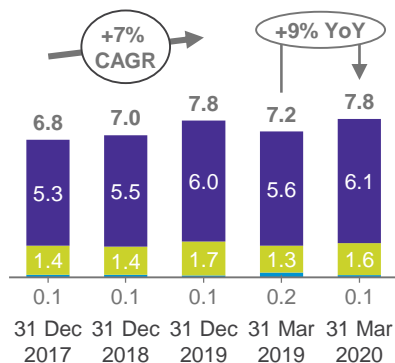


Interest expenses

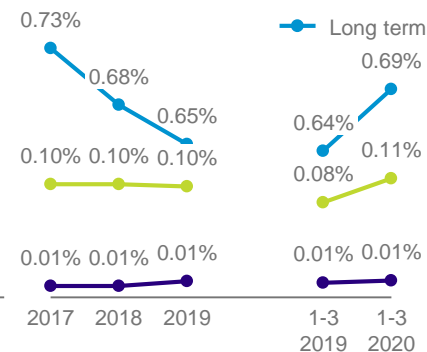
- Inflow of deposits in light of negative interest rate environment.
- Deposit structure is changing from maturity point of view, with cheaper sight deposit prevailing in the structure, consequently decrease in average deposit rate despite increase in interest rates YoY.
- Slight decrease in interest expenses.

■ Individuals ■ Corporate ■ State

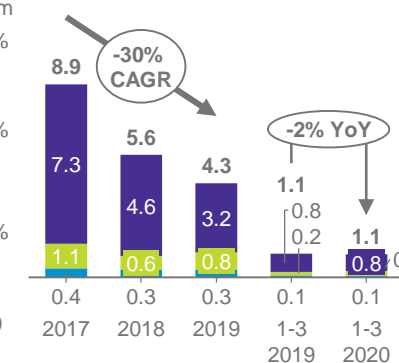
Deposits



Deposit rates



Interest expenses from deposits



Note: (1) Without funding of subsidiaries; (2) Includes also other items from presented interest income from loans and interest expense from deposits; (3) Calculated on the basis of interest bearing assets.

	2017	2018	2019	1-3 2019	1-3 2020
Net interest income ⁽²⁾	159	158	158	39.8	37.2
NIM ⁽³⁾	1.9%	1.9%	1.9%	1.9%	1.6%

Net interest income drivers – Strategic foreign markets⁽¹⁾

Interest income

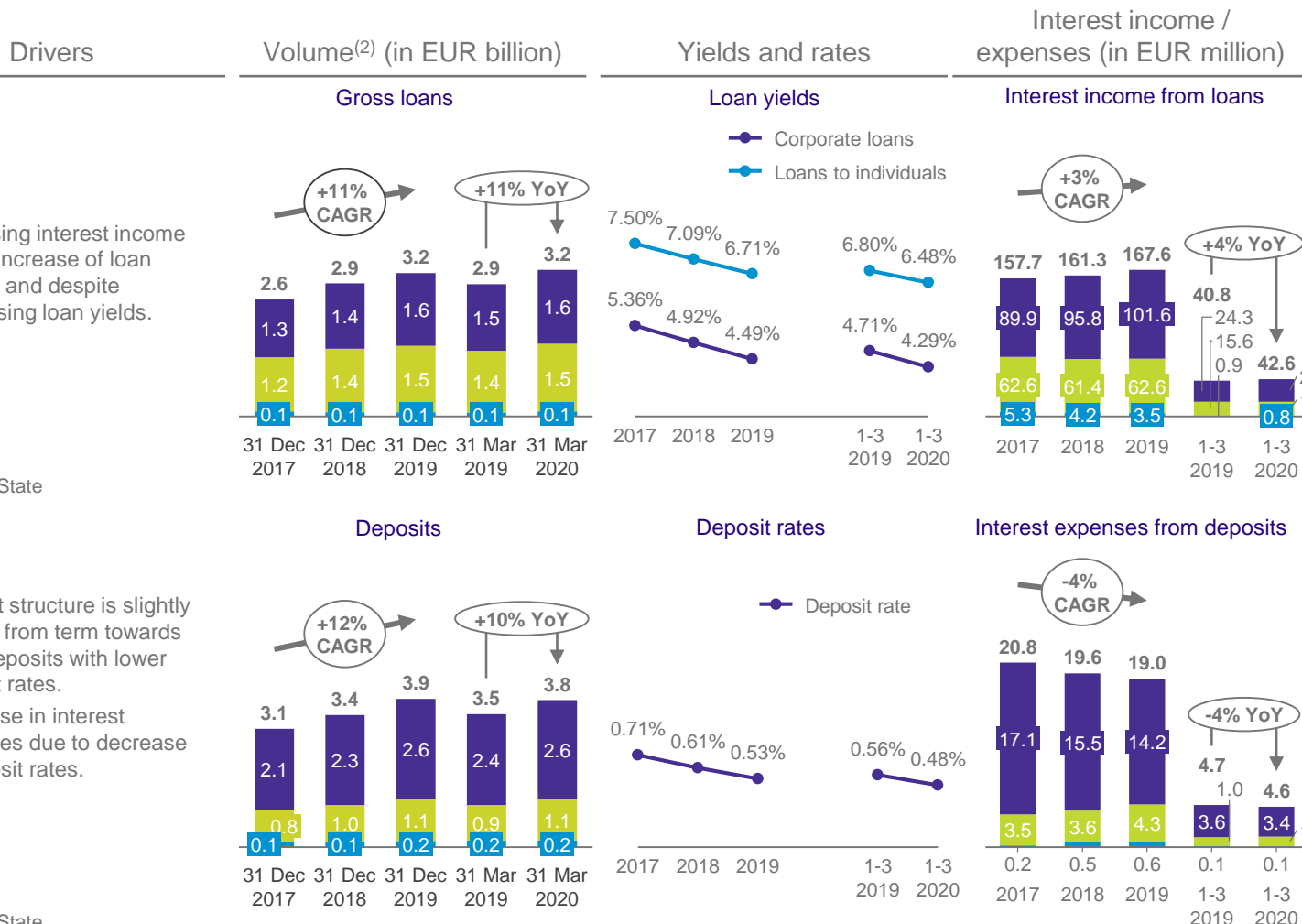
- Increasing interest income due to increase of loan volume and despite decreasing loan yields.

■ Individuals ■ Corporate ■ State

Interest expenses

- Deposit structure is slightly shifting from term towards sight deposits with lower interest rates.
- Decrease in interest expenses due to decrease in deposit rates.

■ Individuals ■ Corporate ■ State



Note: (1) Only banks also before new segmentation from 2019 on; (2) On consolidated basis; (3) Includes also other items from presented interest income from loans and interest expense from deposits; (4) Calculated on the basis of interest bearing assets.

	2017	2018	2019	1-3 2019	1-3 2020
Net interest income ⁽²⁾	145	151	158	39	40
NIM ⁽³⁾	4.0%	3.8%	3.6%	3.7%	3.4%

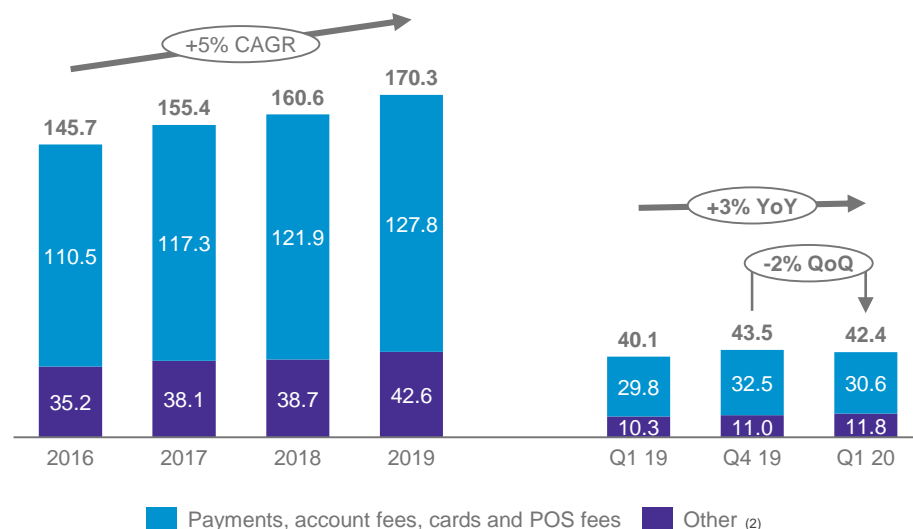
Net non-interest income – NLB Group

Good performance in Fees and Commissions

Net non-interest income (Group, EURm)⁽¹⁾



Net fee and commission income growing YoY (Group, EURm)



Net non-interest income reached EUR 46.4 million and decreased by EUR 8.7 million or 16% YoY. The YoY dynamic was influenced by the following factors:

- Net fee and commission income higher by EUR 2.3 million or 6% YoY, mainly from the retail segment in the banking subsidiaries in SEE. An increase was recorded in basic accounts fees, payment transactions, and cards and ATM operations (3% in total), and also in fees from investment funds and bancassurance business. Due to the COVID-19 outbreak a decrease of net fee and commission income in the second half of March 2020 was recorded (mainly on card operations, fewer withdrawals and payments from customers were made).
- Important material non-recurring other net non-interest income in Q1 2019 with a positive impact on the Group's result were a partial repayment of a large exposure measured at fair value through profit and loss in the amount of EUR 5.1 million, and the sale of debt securities held by the Bank with a positive effect in the amount of EUR 2.6 million. The Bank realized profit from the sale of the securities portfolio also in Q1 2020 in the amount of EUR 2.3 million.

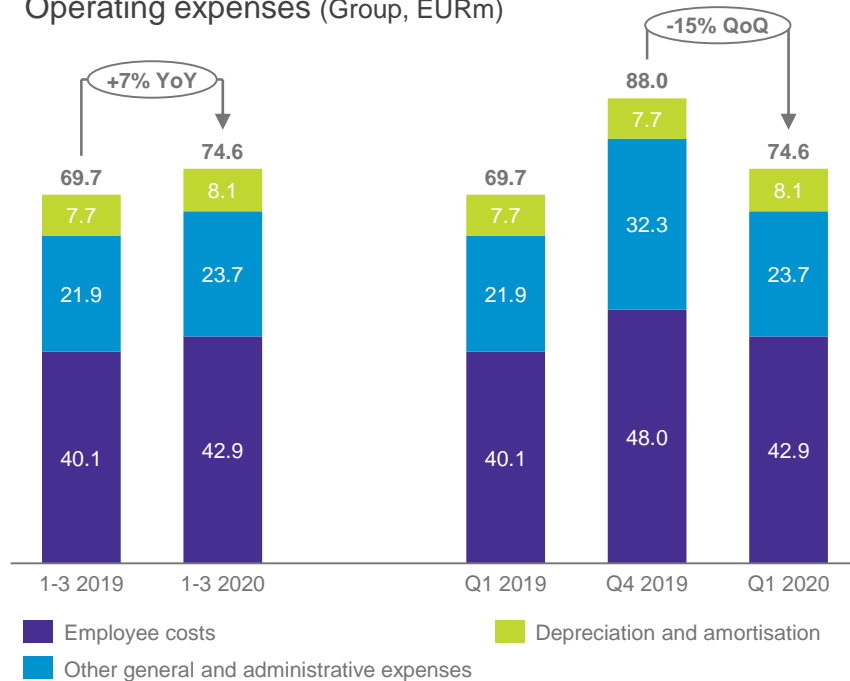
in EUR million	1-3 2020	1-3 2019	Change YoY	
Recurring other net non-interest income	2.3	2.6	-0.3	-12%
Net income from financial transactions (Fees from Exchange differences)	2.8	2.4	0.4	17%
Net other income	-0.5	0.2	-0.7	-
- external realization NLB (IT, cash logistics)	1.0	0.9	0.1	6%
- rents	0.9	1.5	-0.6	-41%
- regulatory charges (SRF, DGS)	-2.4	-2.2	-0.2	-8%

Note: (1) From June 2019 on different presentation of non-recurring items is in use. (2) Includes investment funds, guarantees, investment banking, insurance products and other services.

Costs – NLB Group

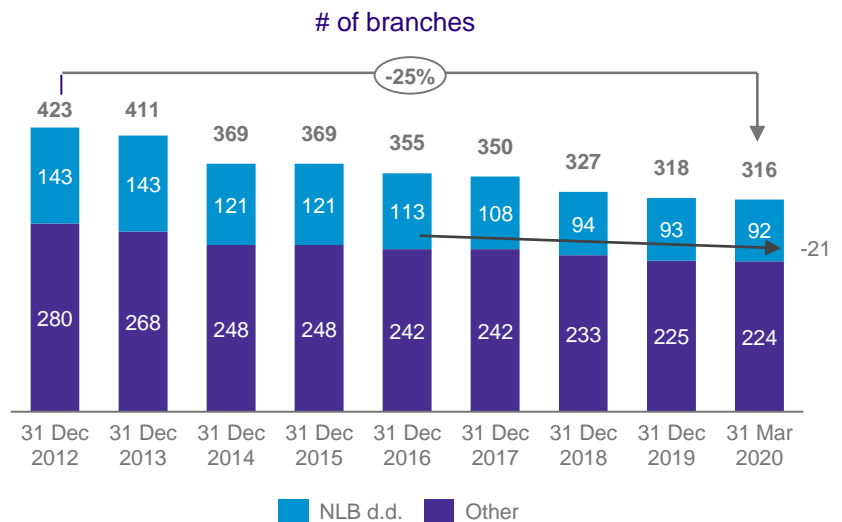
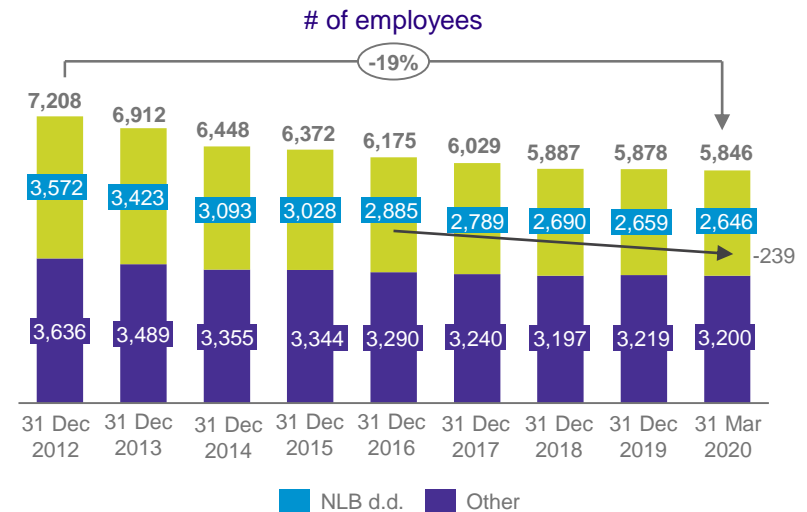
Costs increased YoY

Operating expenses (Group, EURm)



- Total costs amounted to EUR 74.6 million, and are thus by EUR 4.9 million or 7% higher YoY, mostly due to higher employee costs, costs of services and IT (mostly licences).
- The QoQ decrease due to performance rewards paid in December and higher other general and administrative costs in Q4 2019 (mostly costs of services and marketing).
- CIR stood at 60.3%.
- Headcount dropped by 19% over 2012-March 2020 driven primarily by Slovenia core & non-core members.
- Ongoing closures of unprofitable branches.

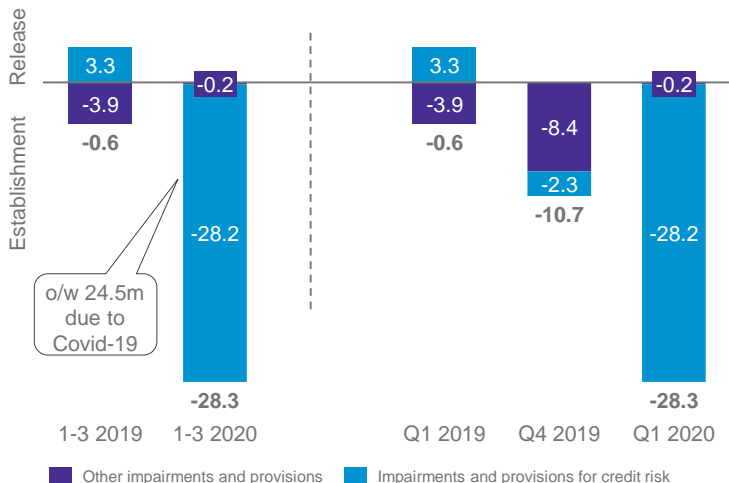
Employees and branches evolution – stronger rationalisation in tougher Slovenia market (#)



Impairments and provisions & cost of risk

Cost of risk high

Impairments and provisions (Group, EUR m)



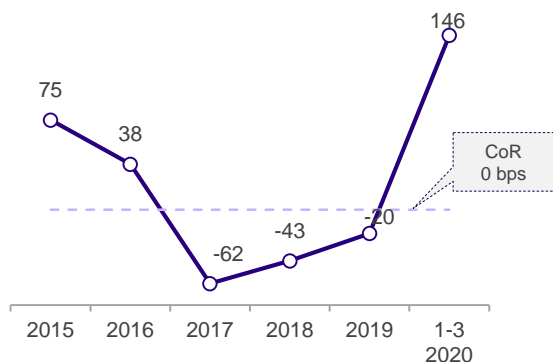
In first three months of 2020, the Group established EUR 28.3 million of **net impairments and provisions**, while in the same period of previous year EUR 0.6 million.

Impairments and provisions for credit risk were net established in the amount of EUR 28.2 million and thus the cost of risk was high, 146 bps. Cost of risk in Q1 2020 without COVID-19 effect is 18 bps.

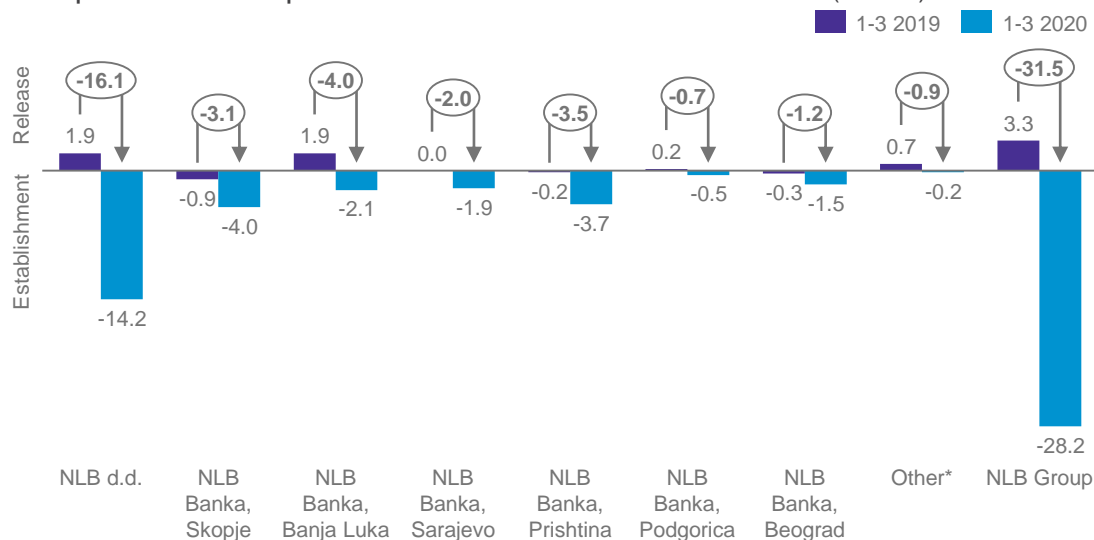
New **credit impairments and provisions** in total amount of EUR 24.5 million were established in Q1 2020 due to COVID-19 outbreak (recalculation of all parameters is performed annually, usually in the second quarter of the year, but since the macroeconomic environment has changed significantly since the year-end, additional ECL were recognised in all banks already in Q1, based on current assumptions).

Other impairments and provisions in Q1 2020 were net established in the amount of EUR 0.2 million, while in the same period of 2019 EUR 3.9 million.

Cost of risk⁽¹⁾ (Group, bps)



Impairments and provisions for credit risk – contribution (EURm)



*Other includes: NLB Srbija, NLB Crna gora, Leasing companies, LHB Frankfurt and NLB InterFinanz



Note: (1) Cost of risk = credit impairments and provisions (annualised level) / average net loans to customers;

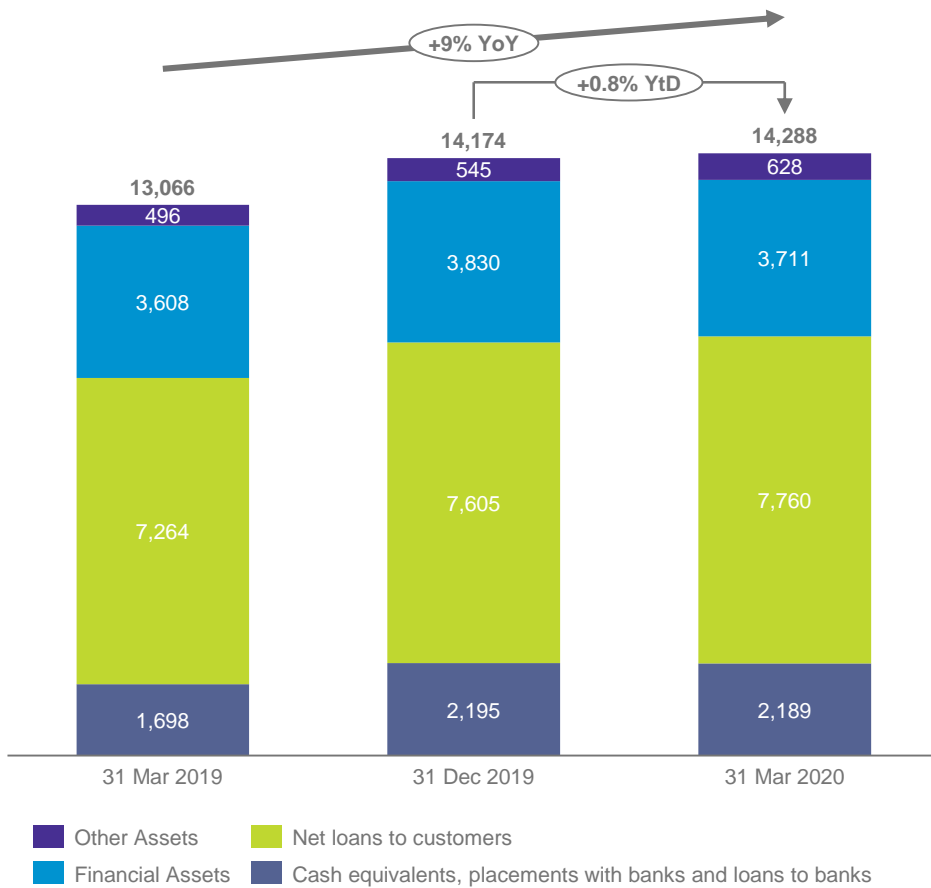


Assets and Liabilities

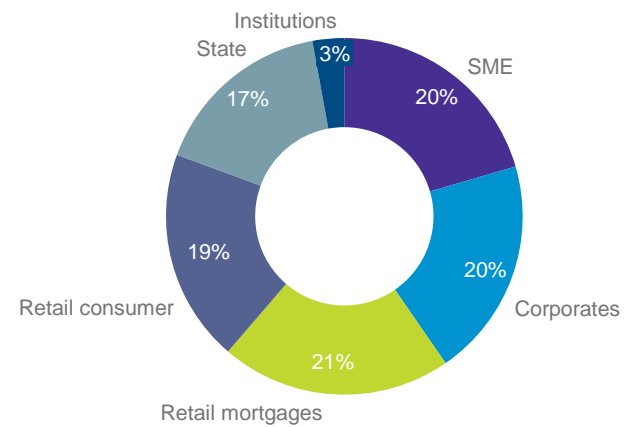
NLB Group Assets

Well diversified loan book, strong liquidity position

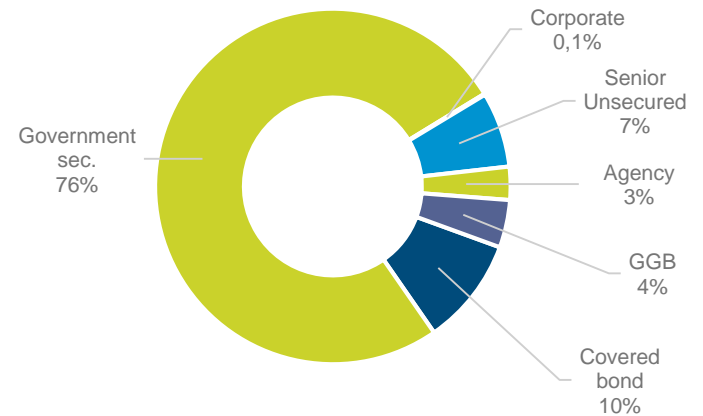
Total assets of NLB Group – structure (EURm)



Credit portfolio by segment (Group, 31 Mar 2020)



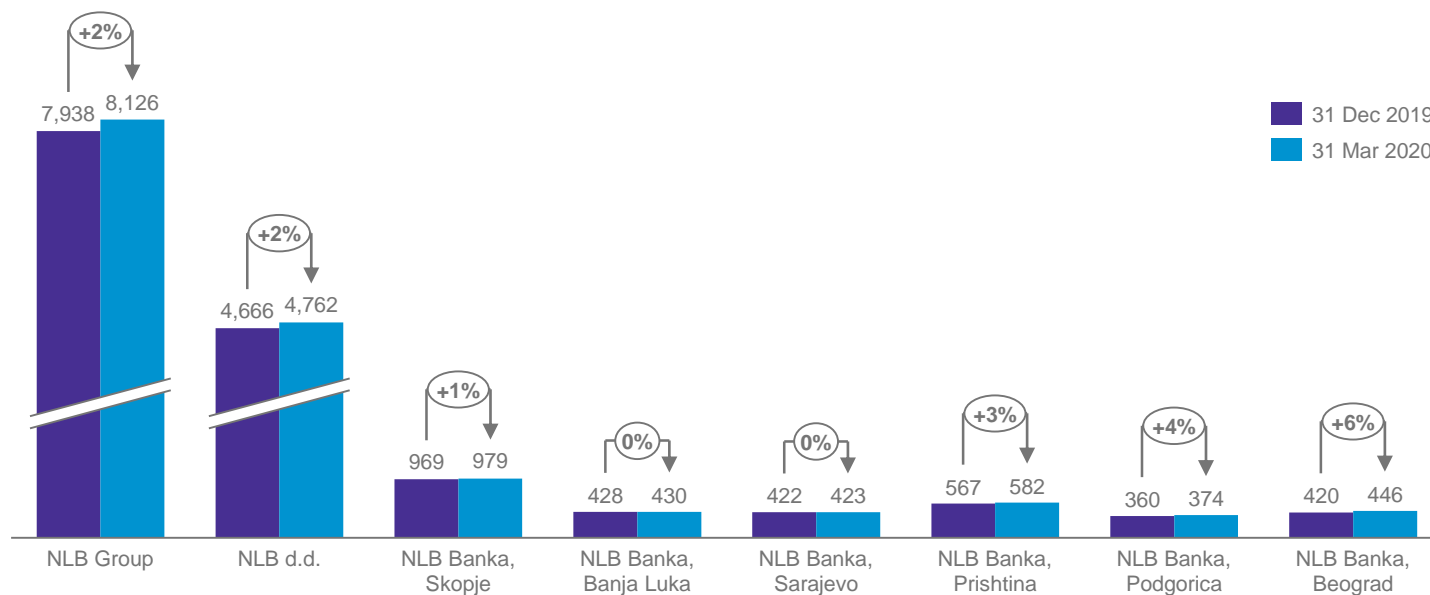
Banking book portfolio by asset class (Group, 31 Mar 2020)



NLB Group Assets – Loan portfolio

Balanced loan portfolio with loan growth in most of banks

Gross loans to customers by strategic member – contribution (EURm)



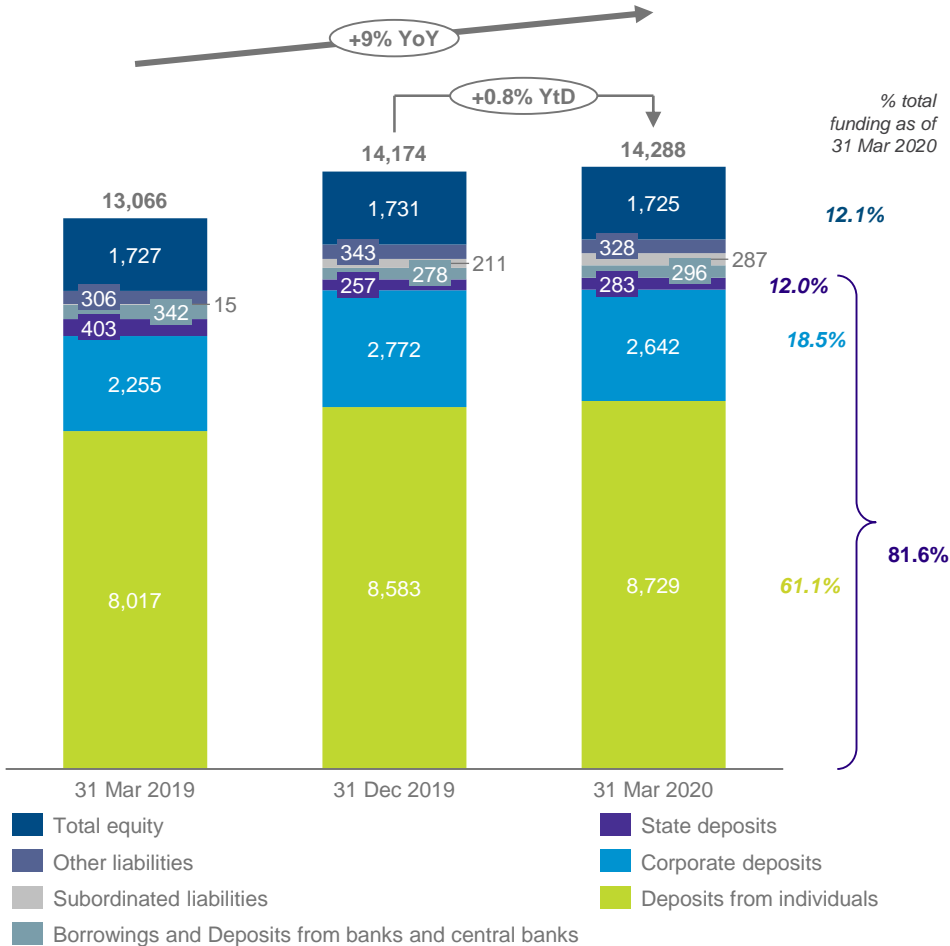
Gross loans stable or growing in all subsidiaries banks, especially in NLB Banka, Beograd and NLB Banka, Podgorica.

Gross loans to individuals in subsidiary banks grew by 1.8% and to corporate by 1.5% YtD.

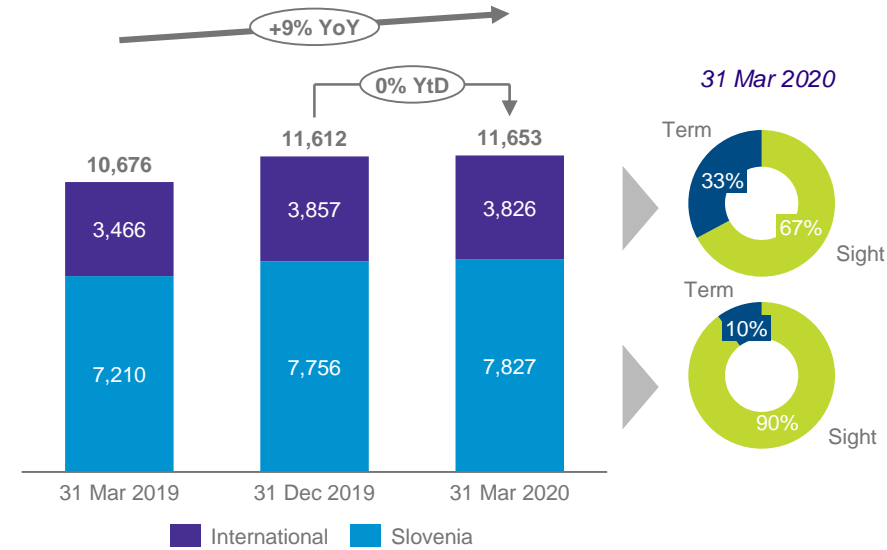
NLB Group Liabilities and Equity

Funding structure driven by stable and price insensitive deposit base

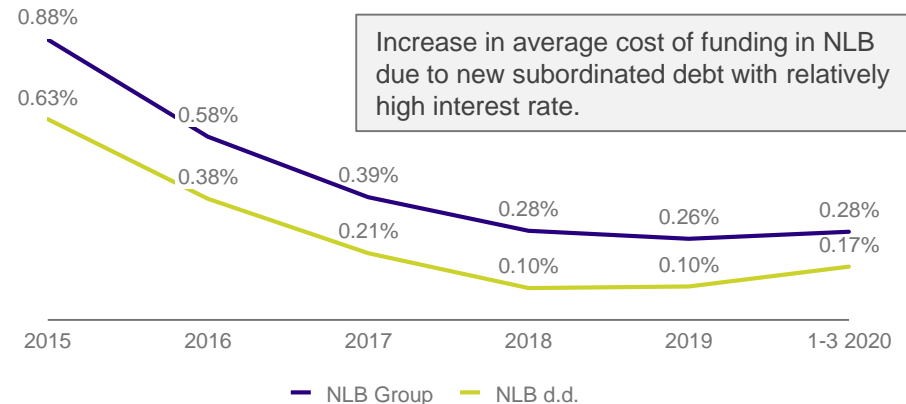
Deposits accounting for 82% of funding (Group, EURm)



Deposit split (Group, EURm)



Average cost of funding (%)

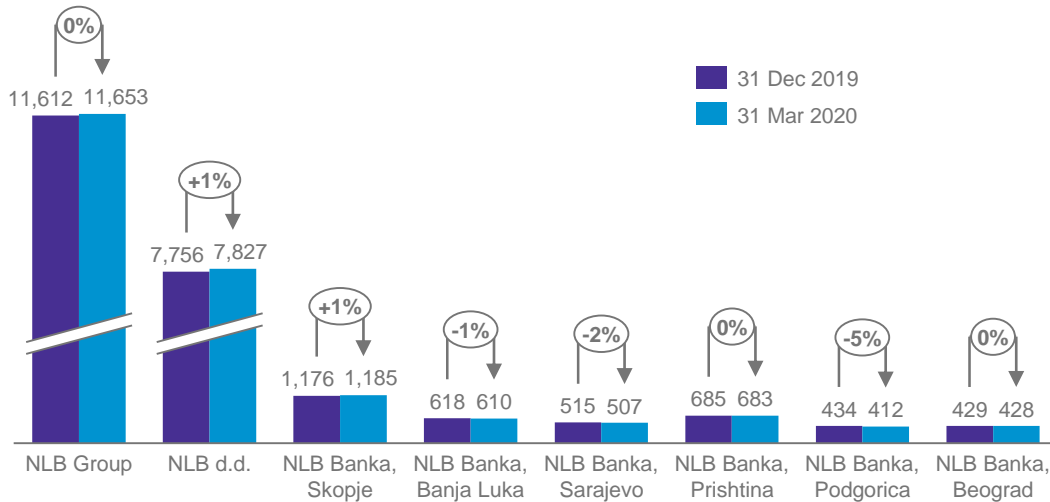


- Primarily deposit funded
- Due to low interest rates, sight deposits prevailing

NLB Group Liabilities

Stable deposit base with decreasing interest rate

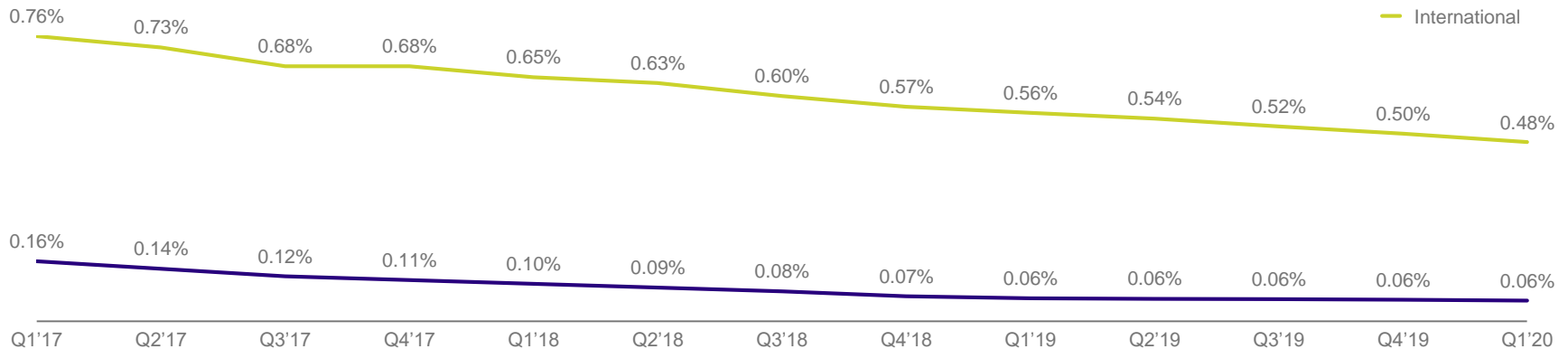
Deposits from customers by strategic member – contribution (EURm)



Deposit stays on the same level across all markets, despite low interest rate environment.

NLB d.d. charges minimum 0.03% monthly **fee on deposits volume** (threshold from January 2019 at EUR 100k) to corporate deposits and account balances.

Decreasing deposit interest rates (%)*

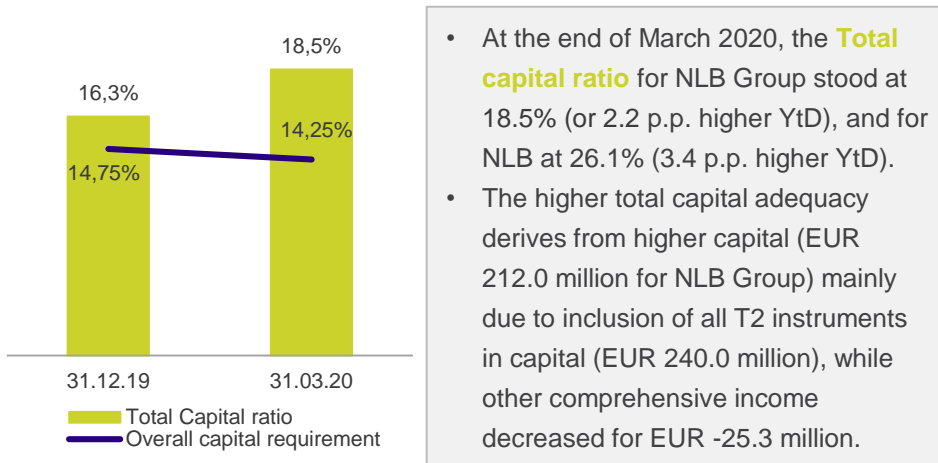


*Quarterly data for the stock of deposits from customers

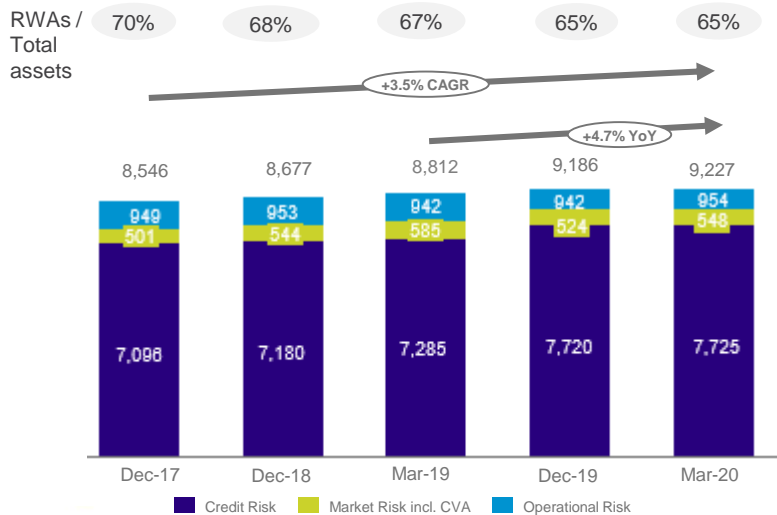
Capital - NLB Group

Strong capital position

NLB Group capital ratios (%)



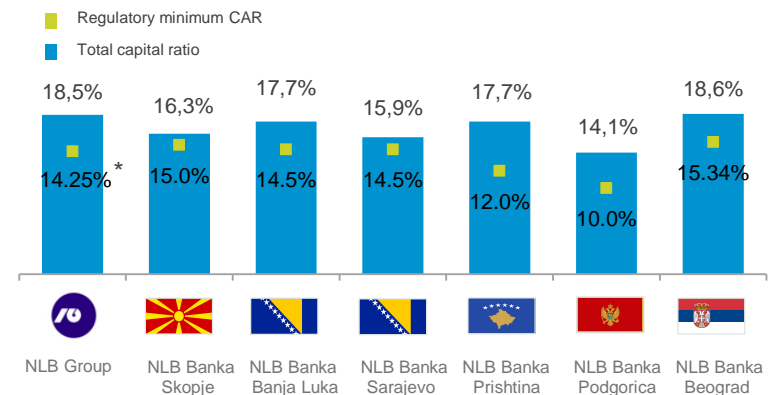
RWA structure (EURm)



Capital structure and ratios

(in EUR million)	31.3.2020	31.12.2019	Change YtD	
Common Equity Tier 1 capital	1,423.2	1,451.2	-28.0	-1.9%
Additional Tier 1 capital	0.0	0.0	0.0	
Tier 1 capital	1,423.2	1,451.2	-28.0	-1.9%
Tier 2 capital	284.6	44.6	240.0	
Total capital	1,707.8	1,495.8	212.0	14.2%
Total risk exposure amount (RWA)	9,226.7	9,185.5	41.2	0.4%
RWA for credit risk	7,725.0	7,720.2	4.8	
RWA for market risks + CVA	547.6	523.7	23.8	
RWA for operational risk	954.1	941.6	12.6	
Common Equity Tier 1 Ratio	15.4%	15.8%	-0.4 p.p.	
Tier 1 Ratio	15.4%	15.8%	-0.4 p.p.	
Total Capital Ratio	18.5%	16.3%	2.2 p.p.	

NLB Group capital ratios and local requirements (31 Mar 2020, %)

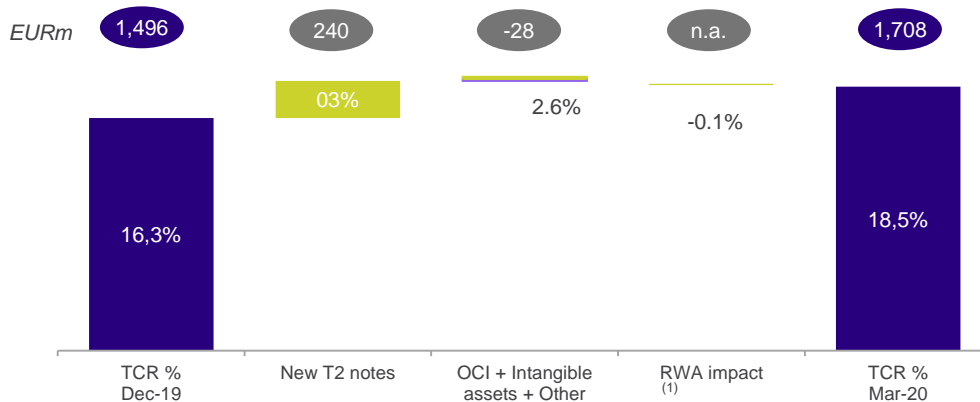


Note: *As of 1 January 2020 new SREP capital requirement applicable for NLB Group leading to overall capital requirement of 14.25% (lower by 0.5 p.p.).

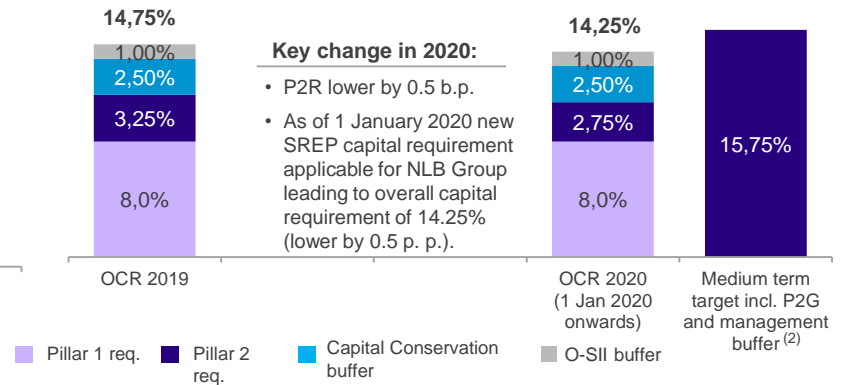
Capital evolution and requirements

Strong capital position

Capital position (Group, EURm)



Structure of the Overall Capital Requirement (OCR)



- **Total capital ratio** reaching 18.5% on Group level in March 2020.
- As from 1 January 2020, **Pillar 2 Requirement (P2R) is lowered by 0.5 p.p.** (to 2.75%) as a result of better overall SREP assessment. **Comfortable buffers** against 2020 regulatory requirements of 14.25% OCR.
- NLB medium term target set at 15.75%⁽²⁾ total capital ratio; to be regularly revised by competent bodies to reflect each time applicable capital requirements. Medium term target incl. P2G and management buffer.
- NLB issued **Tier 2 instruments** in total amount of **EUR 285 million**. The bonds issued on 19 November 2019 and on 5 February 2020, each in the amount of EUR 120 million, are included in the capital as per 31 March 2020. The Bank obtained ECB permission for inclusion of both instruments in the calculation of its Tier 2 capital in March 2020.
- The Bank of Slovenia adopted a macroprudential measure in April 2020 placing temporary restrictions on banks and savings banks in their profit distribution for the profits generated in 2019 and 2020, and to undistributed profits and reserves from previous years. The measure is expected to be in place for one year, although the Bank of Slovenia will closely monitor the situation, and will modify the measure as appropriate should the risks increase or decrease significantly. The first assessment of the measure is planned for the end of this year.
- NLB accounts EUR 35mln from 2019 profits in its regulatory capital (CET1). The remaining of the 2019 result in amount of 157mln is not yet accounted for in the capital. In the upcoming AGM it is suggested to resolve on a proposal to keep retaining all profits also in respect of the decision of BoS.

On 12 March the ECB announced the amended composition of the P2 additional own funds requirement. On 8 April NLB d.d. received the decision by ECB amending the composition of the P2 additional own funds requirement. This Decision shall apply retroactively from 12 March 2020. With this specific measure (P2R being covered with CET1 with at least 56.25%, and being covered with T1 with 75%), capital req. for NLB Group stand at:

OCR	CET1	T1	TCR
Adjusted	9.55%	11.56%	14.25%

The TSCR and OCR for total capital remained unchanged.

Note: (1) OCI – Other Comprehensive Income, Intangible assets are deduction item; (2) Revised in April 2020 (from 16.25%)

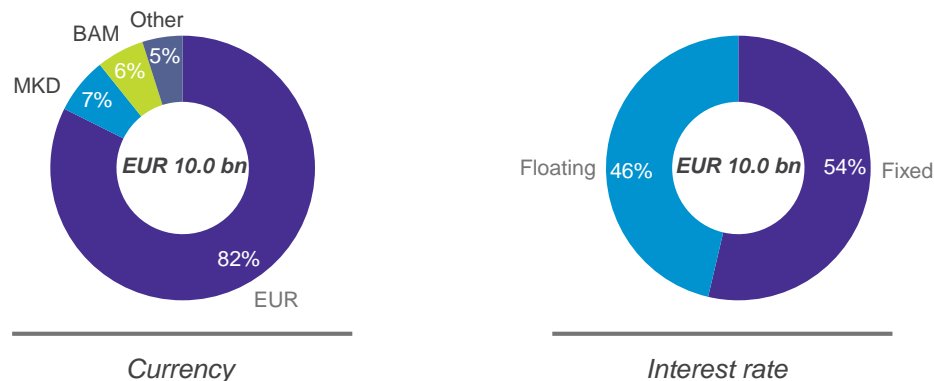


Asset Quality

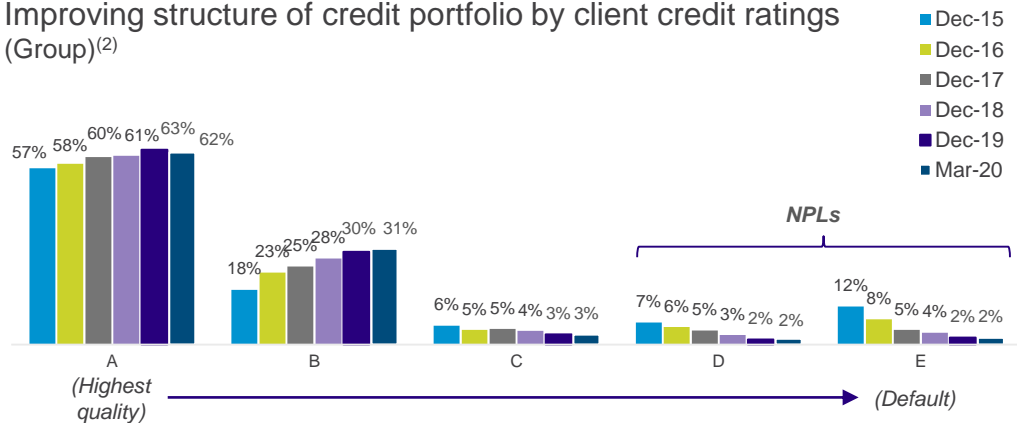
Asset quality – NLB Group

Diversified credit portfolio, focused on core markets and cautious risk taking

Credit portfolio⁽¹⁾ by currency and rate type (Group, 31 Mar 2020)



Improving structure of credit portfolio by client credit ratings (Group)⁽²⁾

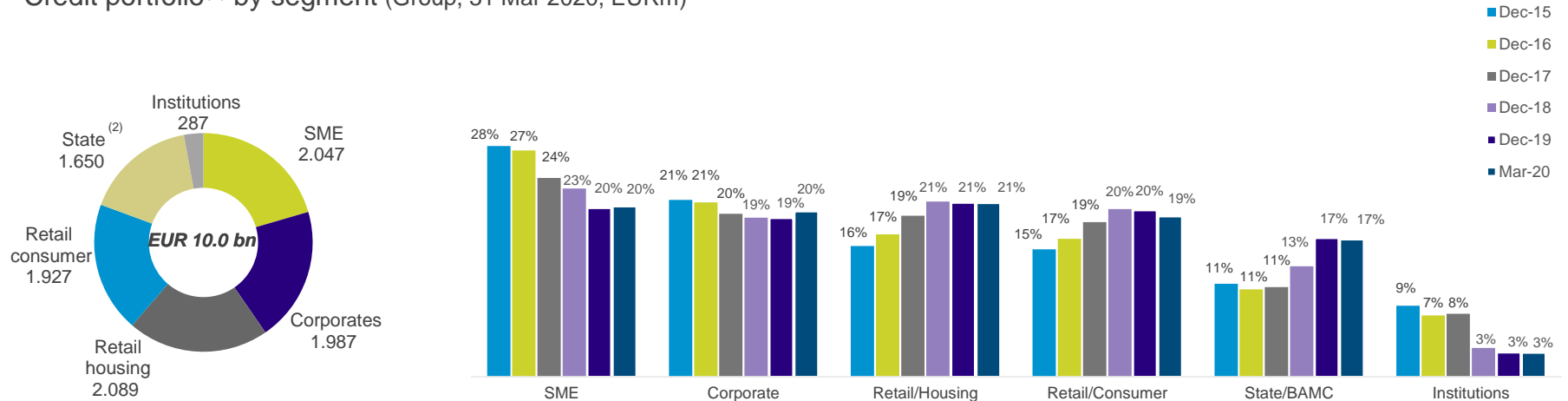


- **No large concentration** in any specific industry or client segment
- **Lending strategy** focuses primarily on its core markets of retail, SME and selected corporate business activities
- Great emphasis is also placed on **further improvement of credit portfolio**
 - Intensive and proactive handling of problematic customers
 - Cautious lending policy
 - Early warning system for detecting increased credit risk
- The Group is **actively present** on the market, financing existing and new creditworthy clients.

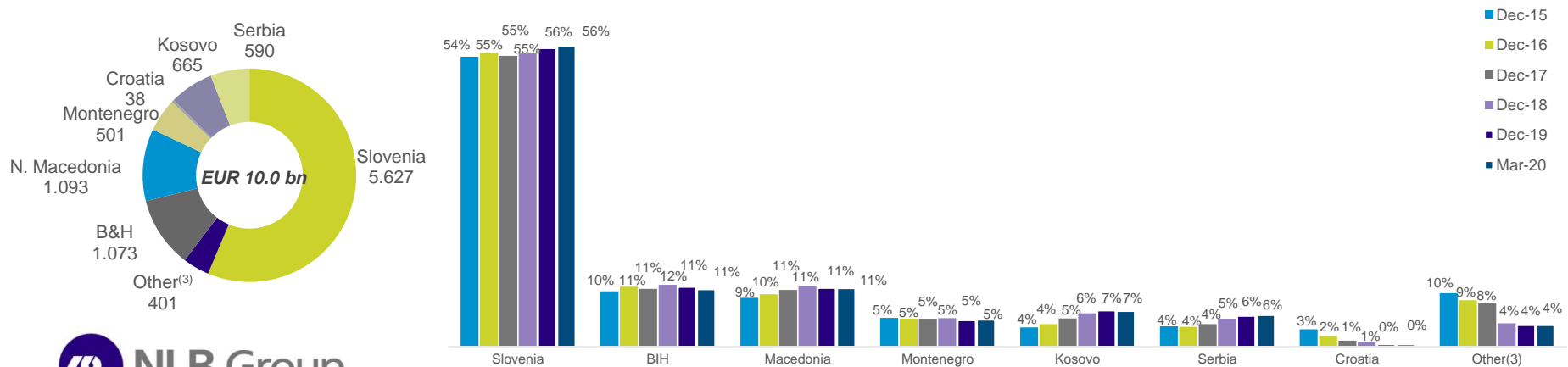
Asset quality – NLB Group

Diversified credit portfolio, focused on core markets and cautious risk taking

Credit portfolio⁽¹⁾ by segment (Group, 31 Mar 2020, EURm)



Credit portfolio⁽¹⁾ by geography (Group, 31 Mar 2020, EURm)



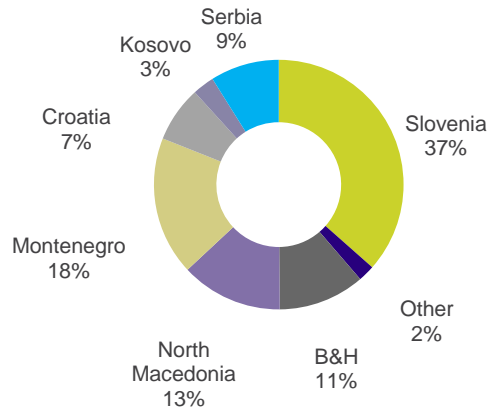
Source: Company information

Note: (1) Credit portfolio also includes advances to banks and central banks; (2) State includes exposures to central banks; (3) The largest part represent EU members.

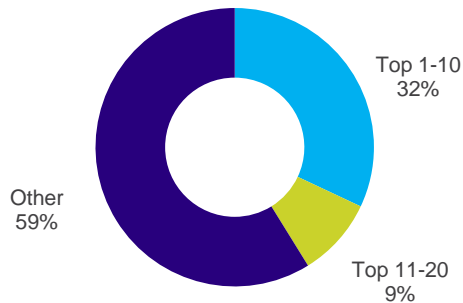
Asset quality – NLB Group

NPLs fully covered by provisions and collateral

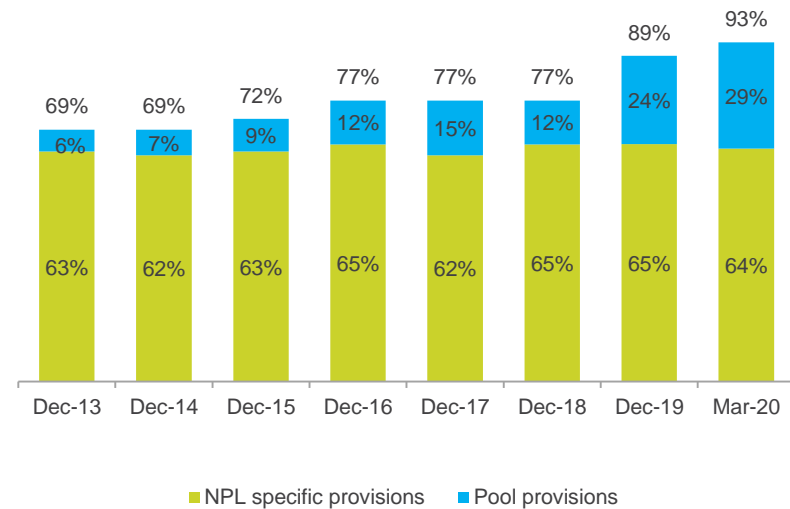
NPL by geography (Group, 31 Mar 2020)



Top 20 NPLs (Group, 31 Mar 2020)



NPL cash coverage⁽¹⁾ (Group, %)



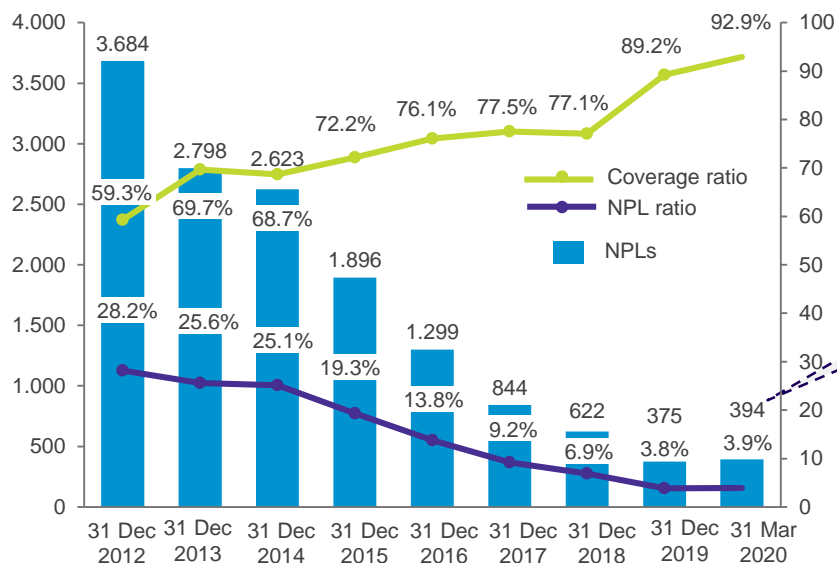
An important Group strength is the NPL cash coverage (CR1), which remains high at 93%. Further, the Group's NPL coverage ratio 2 stands at 64 %, which is well above the EU average as published by the EBA.

As such, it enables a further reduction in NPLs without any material losses.

Asset quality – NLB Group

New NPL formation very low, successful legacy resolution

Active workout drove **gross NPL ratio** down
(Group, EURm)



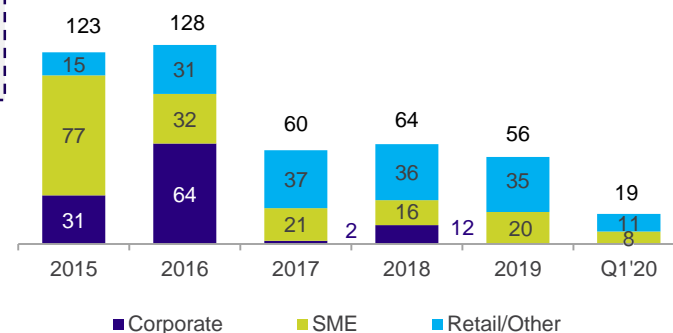
Gross NPL formation has been low since 2015
(Group, EURm)

Formation / gross loans (stock)



Limited formation at front book⁽¹⁾ in 2015 to Q1 2020: EUR 58.2 m, o/w EUR 5.9 m in 2020

o/w EUR 137m have **no delays** (0 days delay)



Low NPL in **Retail** segment throughout the economic cycle.

In **Corporate** segment a considerable reduction of NPL is observed in industries with the highest NPL %.

Top 10 NPL represent 32% of the entire NPL volume; the coverage with provisions remains high, limiting the potential losses.

NPL ratio increased from 3.8% to 3.9 YtD, while **NPE ratio** remained at the end year level at 2.7%.



Source: Company information

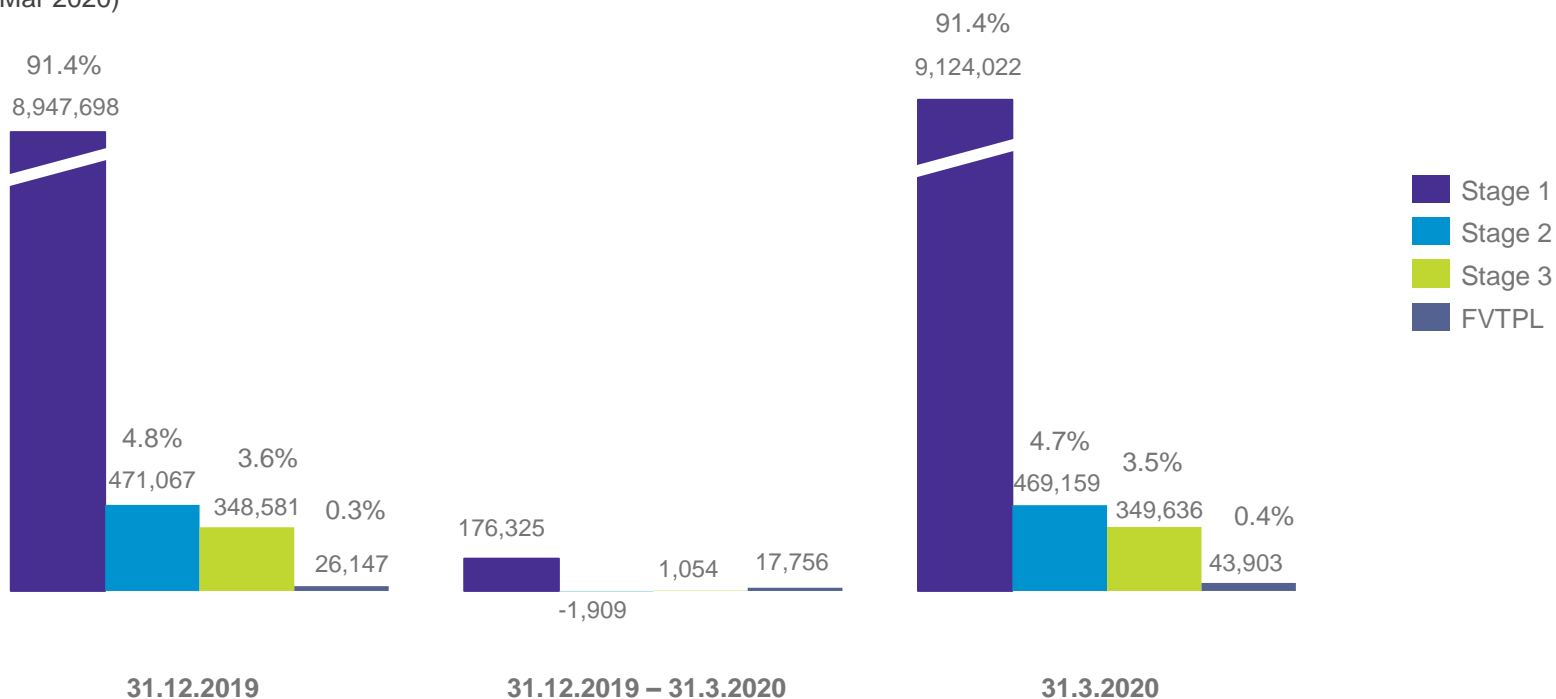
Note: NPL was defined until December 2014 as loan exposure to D and E clients/claims and delays over 90 days from loans to A, B and C classified clients. Since customers with loans (in arrears over) with 90 days past due should be classified in non-performing grade (D or E), NPL definition changed and from 31.12.2014 include only D and E exposures; NPLs, NPL ratio and NPL cash coverage based on Credit portfolio;

(1) Refers to corporate loans issued since 2014 and retail loans issued since 2015.

Asset quality – NLB Group

High % of Stage 1 Loan portfolio (Valued at amortized cost & FVTPL)

Loan portfolio by stages
(Group, 31 Mar 2020)



Stage 1 loans represent 91% of loan portfolio valued at amortized cost and fair value through P&L.

Due to NPL reduction Strategy the share of **Stage 3** loans is decreasing.

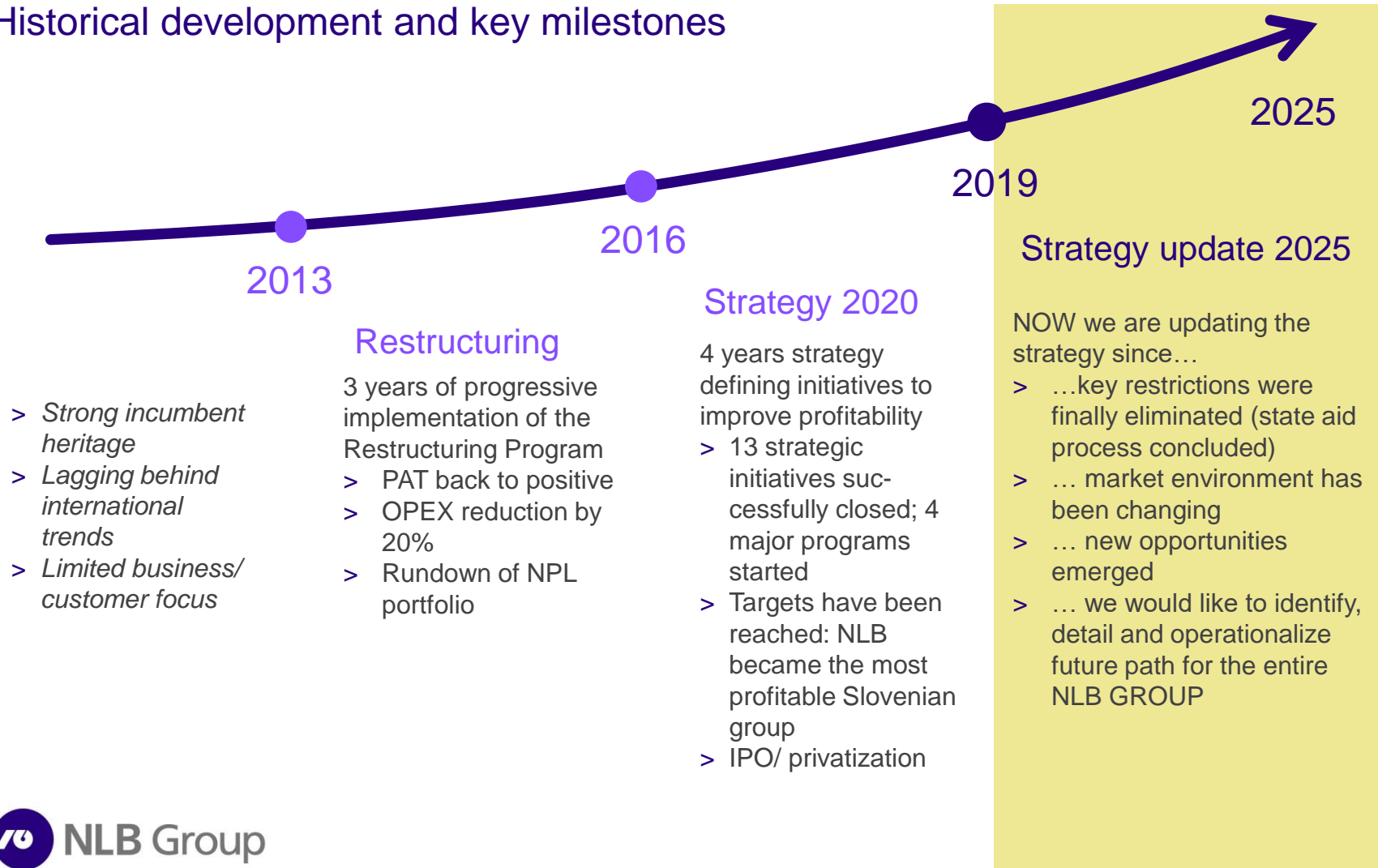
Limited volume of **Stage 2** loans.



Strategy & IT

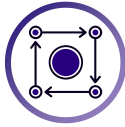
NLB went through difficult times – A new period is about to start

Historical development and key milestones



We are a successful, geographical niche player with strong foundations to build on

Foundations to benefit from



Strong market positions

Above 10% market share in 5/6 countries with high entry barriers. Wide coverage and accessibility



Regional roots

The only cross-regional player with local HQ: market knowledge and image



Positive brand perception at subsidiaries

High brand equity (except for Slovenia, due to the turbulences in the past years)



Recent successes, local innovation

Good recent performance, acknowledged innovations (digital) in Slovenia



Untapped opportunities

Plentiful untapped potential to be exploited in various market segments and in operations

Track record of innovation

The pioneer of banking innovation in Slovenia



First Slovenian bank to launch **contactless ATMs**



First Slovenian bank to launch **chat and video call** functionalities and the only bank with **multichannel 24/7 support**



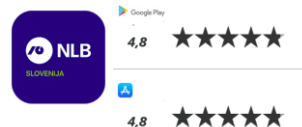
Only bank with **fully mobile express loan capabilities** (Consumer & SME)



First Slovenian bank to offer **card management** functionalities in **mobile wallet**

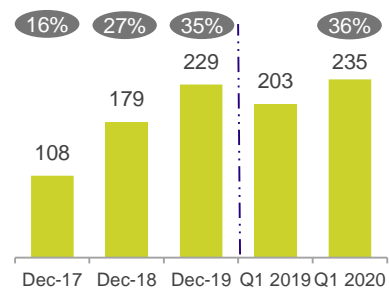


Top-ranked financial apps on App Store and Google Play

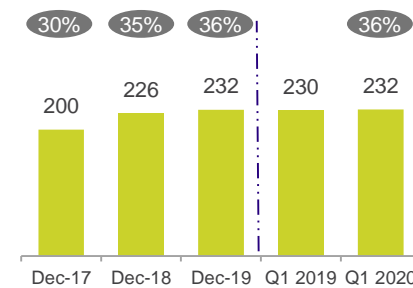


Demonstrated success in moving to digital

Mobile bank users⁽¹⁾ ('000s)

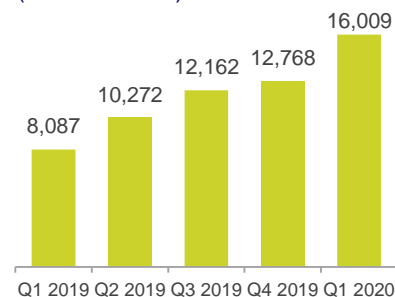


Online bank users⁽¹⁾ ('000s)

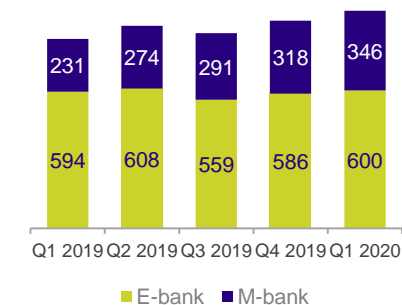


% Penetration of client base

Use of video call functionality (# of contacts)



E- and M-bank transactions (in EURm)



Note: All figures are for Slovenia

(1) Individual users (Klikin and NLB Klik); (2) In 2017 ~30,000 inactive NLB Klik users systematically removed.

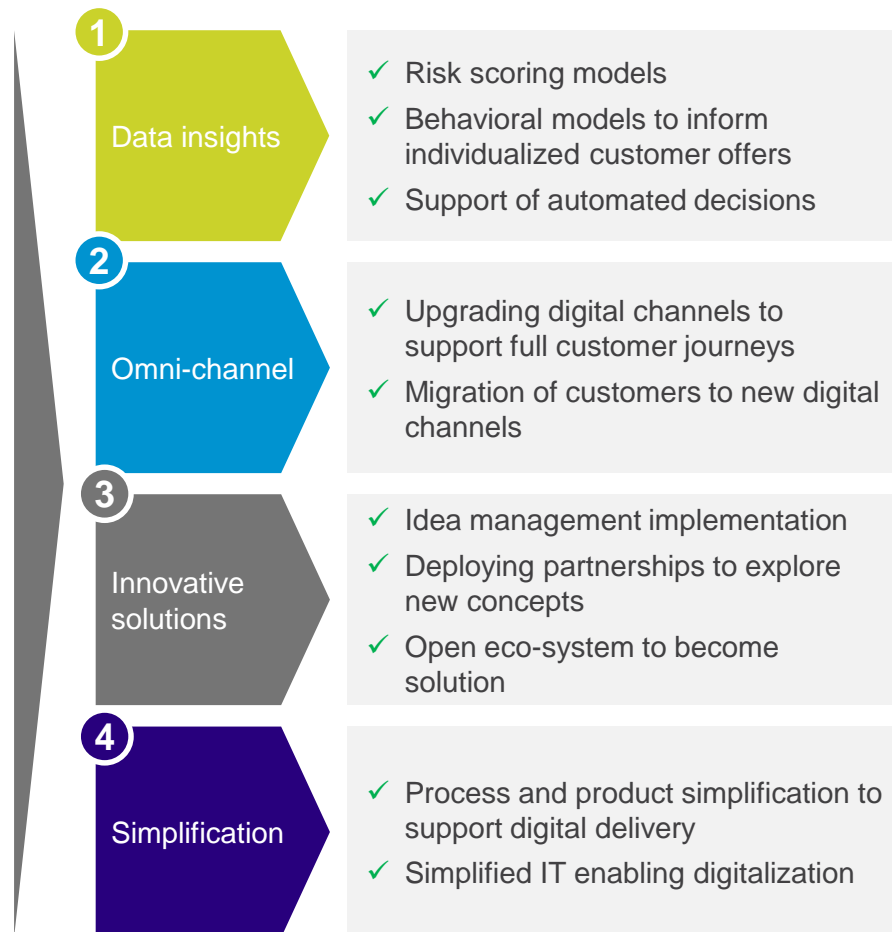
Medium-term objectives in IT and Digital

Leverage digital and data to enhance our business model

Strategic objectives

Improve customer insight	<ul style="list-style-type: none">✓ Data collection✓ Data extrapolation✓ Advanced analytics
Enhance customer experience	<ul style="list-style-type: none">✓ Increase customer satisfaction✓ Create new business opportunities
Increase innovation capacity	<ul style="list-style-type: none">✓ Agile development✓ Pull ideas driven by customer demands✓ Empowering employees
Optimise operations	<ul style="list-style-type: none">✓ Full (paperless) digitalization of processes✓ Increased process automation✓ Reduction in cost-to-serve✓ Concentration on value adding activities (advisory, sales)

Strategic initiatives



NLB Group synergy opportunities

Group synergies are being addressed in all functional areas

IT competence center

- Established predominantly for subsidiary banks, but will increasingly service also the parent company
- Core banking maintenance and development operating since the beginning of 2018
- Expansion in 2019 provided additional support:
 - API roll-out
 - ETL's and data modelling in EDWH

Process (System) competences

- Standardization of the loan origination and approval process and unification of the platform for all 6 subsidiary banks. An RFP to purchase a platform was launched in Q4 2019. POCs of shortlisted bidders is expected to start in Q2
- Introduction of RPA in 2 banks in the Group

IT regionalisation activities

- Regional SIEM⁽¹⁾ and SOC⁽²⁾ successfully set up by the parent bank in Ljubljana covering all banks in the Group
- Regional synergies in all major areas of IT infrastructure have been addressed
- Unification / Standardization activities in infrastructure and application have been launched

Procurement

- Central sourcing in strategic sourcing categories is in place
- Regional synergy potential explored in categories with highest spend

By actively working on Group synergies, NLB Group leverages on costs (scale), speed of implementation and knowledge sharing



Outlook

Covid-19: Macro & business outlook

Macro outlook & risk factors affecting the business outlook

- We expect that the global economy will experience a recession in 2020 of around -3%. The Euro area, with an already weak economic growth in 2019, could contract by around 6.5% this year, while Slovenia can experience a similar contraction (-6.0%). The economic growth in the Group's region could drop to around -4.5% this year.
- Economic momentum in the region has worsened due to COVID-19 pandemic (since end of Q1 2020). Countries in the region implemented different mitigation measures, with the aim of mitigating adverse negative impacts of the pandemic. Substantial drop in the economic activity, lower industrial production and consumer spending is expected to cause an economic slowdown and increased unemployment in the region.
- Based on the measures taken by the governments in Slovenia and other countries, the Group is granting an option of moratoriums on payment of obligations to all eligible borrowers due to COVID-19, which will not be treated as a trigger for significant increase of the credit risk. Nevertheless, all clients requiring the moratorium will be closely monitored as their financial situation and identification of credit deterioration will lead to downgrade and impact the IFRS 9 staging.
- Risk factors affecting the business outlook are (among others): the economies' sensitivity to a potential slowdown in the Euro area or globally, credit spreads widening, potential liquidity outflows, worsened interest rate outlook, regulatory and tax measures impacting the banks, and other geopolitical uncertainties.

Business outlook

- The overall slow-down of the economy is expected to have a **negative impact on new loan generation** and consequently **lower net interest income** than previously expected. **Margins** are expected to be **under further pressure**. The additional pressure on interest income in retail market in Slovenia is expected due to regulatory restrictions for consumer lending put in place by the end of 2019. A negative effect is expected also on **fees and commissions** as a result of lower transaction volumes (card business and payments).
- Due to slower business operations linked to moratoriums and the crisis, some of the activities of the Group are expected to be cancelled or postponed; which will reflect in lower **costs**. On the other hand, costs related to protection of health - hygiene, safety products and transportation, resulting from the current situation will increase.
- Due to the impact of worsened macroeconomic environment at the end of Q1 2020 the Group made one-off adjustment of expected credit losses in accordance with new macro forecasts, consequently resulting in an increase of cost of risk. The **cost of risk for 2020** is under current knowledge and anticipated consequences expected to be **in a range of 150 bps**, although this will depend on the length and severity of disruption in corporate operations and consumer incomes.
- Due to recent ECB measures taken, NLB Group is expecting to benefit from the lower capital requirements, while due to ECB recommendation on dividend distributions during the COVID-19 pandemic towards European banks, the **dividend distributions** by the Bank **are not envisaged in 2020**.

Appendixes

Appendix 1: Segment Analysis	46
Appendix 2: Macro Overview	65
Appendix 3: Financial statements	78



Appendix 1

Segment Analysis



NLB Group business segments

	Retail banking in Slovenia ⁽¹⁾	Corporate and investment banking in Slovenia	Strategic foreign markets	Financial markets in Slovenia	Non-core members
	Retail Micro NLB Skladi Bankart⁽²⁾	Key corporates SME corporates Investment banking and custody Restructuring and workout	NLB Banka, Skopje NLB Banka, Banja Luka NLB Banka, Sarajevo NLB Banka, Prishtina NLB Banka, Podgorica NLB Banka, Beograd	Treasury activities Trading in financial instruments Asset and liabilities management (ALM)	Non-core members according to EC commitments REAM entities NLB Srbija NLB Crna Gora
	<ul style="list-style-type: none"> Largest retail banking group in Slovenia by loans, deposits and number of branches #1 in private banking and asset management Focused on upgrading customer digital experience and satisfaction 	<ul style="list-style-type: none"> Market leader in corporate banking with focus on advisory and long-term strategic partnerships Market leader in Investment Banking and Custody services Regional know-how and experience in Corporate Finance and #1 lead organiser for syndicated loans in Slovenia Strong trade finance operations and other fee-based business Market leader at FX and interest rate hedges 	<ul style="list-style-type: none"> Leading SEE franchise with 6 independent, well capitalised and largely self-funded subsidiaries The only international banking group with exclusive focus on the SEE region 	<ul style="list-style-type: none"> Maintaining stable funding base Management of well diversified liquidity reserves Managing interest rate positions with responsive pricing policy 	<ul style="list-style-type: none"> Assets booked non-core subsidiaries funded via NLB d.d. Controlled wind-down of remaining assets, including collection of claims, liquidation of subsidiaries and sale of assets
(Mar 2020, in EUR million)					
Profit b.t.	7.0	0.04	11.3	5.8	-2.2
Total assets	2,531	2,205	4,740	4,408	159
% of total assets ⁽³⁾	18%	15%	33%	31%	1%
CIR	71.6%	51.9%	52.1%	24.3%	242.8%
Cost of risk (bp)	77	185	181	/	116

Notes: (1) Divestment of 50% equity stake in NLB Vita in December 2019; (2) 39% minority stake; (3) Other activities 2%.

NLB d.d., Ljubljana

"on stand alone basis"

Key financial indicators

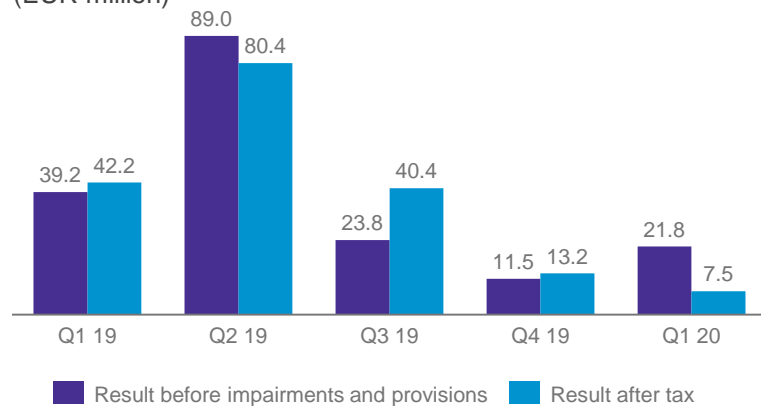
	1-3 2020	1-3 2019	Change YoY	
ROE a.t.	2.2%	12.8%	-10.6 p.p.	
Interest margin	1.65%	1.92%	-0.3 p.p.	
CIR	68.0%	51.9%	16.1 p.p.	
Cost of risk net (bps)*	124	-27	150	
LTD net	59.8%	62.8%	0.0	
Income statement				
in 000 EUR	1-3 2020	1-3 2019	Change YoY	
Total net operating income	68,128	81,398	-13,270	-16.3%
Net interest income	37,165	39,757	-2,592	-6.5%
Net non-interest income	30,963	41,641	-10,678	-25.6%
o/w net fees and commissions	26,083	25,220	863	3.4%
Total costs	-46,325	-42,231	-4,094	-9.7%
Employee costs	-27,134	-24,980	-2,154	-8.6%
Other general and administrative expenses	-14,539	-12,919	-1,620	-12.5%
Depreciation and amortization	-4,652	-4,332	-320	-7.4%
Result before impairments and provisions	21,803	39,167	-17,364	-44.3%
Impairments and provisions	-14,205	6,137	-20,342	-
Result after tax	7,476	42,210	-34,734	-82.3%
Number of employees	2,646	2,664	-18	-0.7%

*Calculated as credit impairments and provisions over average net loans to customers.

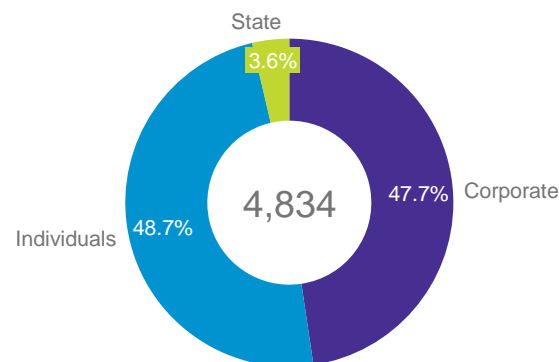
Balance sheet

in 000 EUR	31 Mar 2020	31 Dec 2019	Change YtD	
Total assets	9,945,909	9,801,557	144,352	1.5%
Loans to customers (net)	4,682,723	4,589,170	93,553	2.0%
Loans to customers (gross)	4,834,095	4,718,049	116,046	2.5%
Gross loans to corporate	2,303,449	2,154,467	148,982	6.9%
Gross loans to individuals	2,354,224	2,376,792	-22,568	-0.9%
Gross loans to state	176,422	186,790	-10,368	-5.6%
Financial assets	3,053,237	3,168,624	-115,387	-3.6%
Deposits from customers	7,834,716	7,760,737	73,979	1.0%
Deposits from corporate	1,575,956	1,674,873	-98,917	-5.9%
Deposits from individuals	6,146,089	5,984,982	161,107	2.7%
Deposits from state	112,671	100,882	11,789	11.7%
NPL gross	188,562	169,451	19,111	11.3%
% NPL	3.0%	2.8%	0.2 p.p.	
Capital (according to local legislation)				
Total capital ratio	26.1%	22.6%	3.4 p.p.	

Result after tax and before impairments and provisions (EUR million)



Gross loans to customers split (31 Mar 2020, % and EUR million)



Retail Banking in Slovenia

in EUR million
consolidated

Retail Banking in Slovenia

	1-3 2020	1-3 2019	Change YoY		Q1 2020	Q4 2019	Q1 2019	Change QoQ
Net interest income	21.3	23.0	-1.7	-7%	21.3	21.8	23.0	-2%
Net non-interest income	18.6	20.1	-1.4	-7%	18.6	21.4	20.1	-13%
o/w Net fee and commission income	19.3	19.5	-0.3	-1%	19.3	20.9	19.5	-8%
Total net operating income	39.9	43.0	-3.1	-7%	39.9	43.2	43.0	-8%
Total costs	-28.6	-26.8	-1.8	-7%	-28.6	-33.8	-26.8	16%
Result before impairments and provisions	11.4	16.2	-4.9	-30%	11.4	9.3	16.2	22%
Impairments and provisions	-4.6	-1.1	-3.5	-	-4.6	-1.5	-1.1	-199%
Net gains from investments in subsidiaries, associates, and JVs ¹	0.2	1.1	-0.9	-81%	0.2	0.0	1.1	-
Result before tax	7.0	16.3	-9.3	-57%	7.0	7.9	16.3	-11%

	31 Mar 2020	31 Dec 2019	31 Mar 2019	Change YtD		Change YoY	
Net loans to customers	2,357.4	2,385.1	2,277.1	-27.7	-1%	80.3	4%
Gross loans to customers	2,387.5	2,410.2	2,305.0	-22.7	-1%	82.6	4%
Housing loans	1,435.4	1,425.0	1,376.8	10.4	1%	58.6	4%
Interest rate on housing loans	2.51%	2.54%	2.54%	-0.03 p.p.		-0.03 p.p.	
Consumer loans	679.6	688.3	628.4	-8.7	-1%	51.2	8%
Interest rate on consumer loans	6.35%	6.33%	6.28%	0.02 p.p.		0.07 p.p.	
Other	272.5	296.9	299.7	-24.4	-8%	-27.2	-9%
Deposits from customers	6,618.3	6,456.2	6,095.4	162.1	3%	522.9	9%
Interest rate on deposits	0.05%	0.05%	0.06%	0.00 p.p.		-0.01 p.p.	
Non-performing loans (gross)	43.0	40.8	43.9	2.2	5%	-0.9	-2%

	1-3 2020	1-3 2019	Change YoY
Cost of risk (in bps) ⁽¹⁾	77	19	58
CIR	71.6%	62.3%	9.3 p.p.
Interest margin	1.91%	2.24%	-0.33 p.p.

⁽¹⁾ Cost of risk for 2019 is adjusted to new methodology.

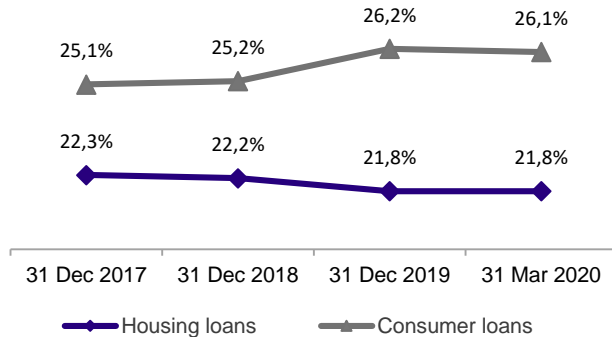
- The segment's **profit before tax** amounted to EUR 7.0 million, a 57% decrease YoY, due to established credit impairments and provisions due to COVID-19 outbreak, lower profit from the Retail segment in the Bank, and lower contribution from NLB Skladi and NLB Vita⁽¹⁾.
- Net interest income** was 7% lower YoY. Due to over liquidity of the Bank, the policy to de-stimulate the deposit collection triggered the retail deposits margin after transfer price (FTP) reduction, which resulted in EUR 3.3 million YoY lower interest income from deposits. Interest income from retail loans was EUR 1.9 million higher YoY due to higher volume and higher interest margin. In Q1 2020 the COVID-19 outbreak had already affected new production in retail loans. Especially the production of new consumer loans in Q1 2020 was lower YoY and amounted to EUR 51.5 million (EUR 100.4 million in Q1 2019). Balance of housing loans increased by EUR 58.6 million YoY (EUR 10.4 million YtD). The share of consumer loans in all gross loans decreased to 28% (from 29% at the 2019 YE).
- The segment recorded EUR 18.6 million of **net non-interest income**. The comparison shows EUR 1.4 million (7%) decrease YoY, EUR 0.3 million due to decrease in net fee and commission income mainly due to EUR 0.7 million higher expenses of card processing.
- Total costs** were EUR 1.8 million (7%) higher YoY.
- Net impairments and provisions** were net established in the amount of EUR 4.6 million due to additional credit impairments and provisions related to COVID-19 outbreak in Q1 2020.
- Deposits from customers** increased EUR 522.9 million (9%) YoY (EUR 162.1 million or 3% YtD). In 2019 the segment also included the result of the JV company Vita, which was divested at the end of 2019.

⁽¹⁾ In 2019 the segment also included the result of the JV company Vita, which was divested at the end of 2019.

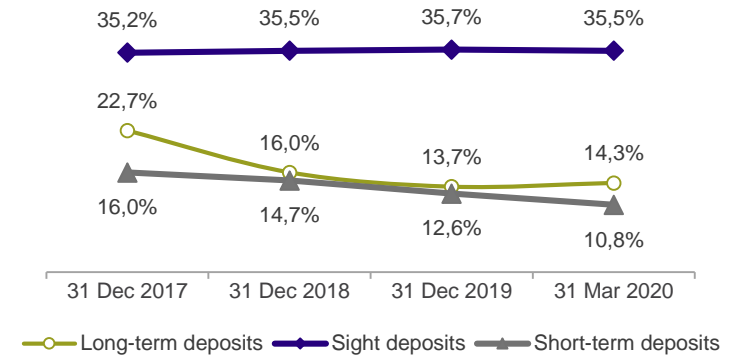
Retail banking in Slovenia

High and stable market shares across products

Market share of net loans to individuals in Slovenia

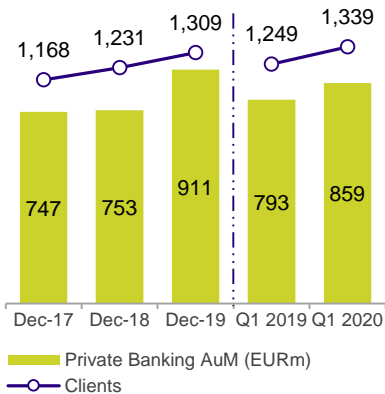


Market share of deposits from individuals in Slovenia

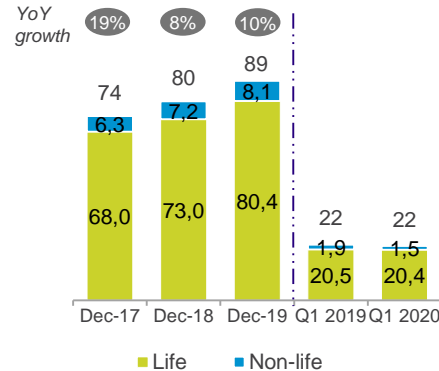


Upside from fee generating products

NLB Private banking offering



NLB Bankassurance GWP (EURm)



- Improving macro and low household indebtedness (21% GDP) driving retail banking growth
- Further extending set of products and services offered to clients using digital channels.
- #1 player in Private Banking⁽¹⁾
 - Limited competition and strong cross-selling capabilities with Bankassurance and asset management
- # 1 player in Slovenian asset management⁽²⁾; market share of NLB Skladi at mutual funds in Slovenia equals 33.8% as of 31 March 2020
 - AuM of 1,311.9 EURm as of 31 March 2020 including investments in mutual funds and discretionary portfolios
- Bankassurance business
 - Life: selling NLB Vita insurance products
 - Non-life: beside NLB Vita insurance products also partnership with #2 non-life company Generali



Source: Bank of Slovenia (retail loans and deposits), Company information, Slovenian Fund Management Association
 Note: (1) Company information; (2) By AuM (Slovenian Fund Management Association).

Corporate and Investment banking in Slovenia

in EUR million
consolidated

Corporate and Investment Banking in Slovenia

	1-3 2020	1-3 2019	Change YoY		Q1 2020	Q4 2019	Q1 2019	Change QoQ
Net interest income	9.4	10.8	-1.4	-13%	9.4	8.9	10.8	5%
Net non-interest income	10.9	15.5	-4.6	-30%	10.9	9.6	15.5	13%
o/w Net fee and commission income	8.7	8.2	0.5	6%	8.7	7.7	8.2	13%
Total net operating income	20.2	26.3	-6.1	-23%	20.2	18.5	26.3	9%
Total costs	-10.5	-10.2	-0.3	-3%	-10.5	-12.8	-10.2	18%
Result before impairments and provisions	9.7	16.1	-6.4	-40%	9.7	5.7	16.1	72%
Impairments and provisions	-9.7	3.3	-13.0	-	-9.7	3.2	3.3	-
Result before tax	0.0	19.4	-19.4	-100%	0.0	8.9	19.4	-100%

	31 Mar 2020	31 Dec 2019	31 Mar 2019	Change YtD		Change YoY	
Net loans to customers	2,168.8	2,049.6	2,011.4	119.2	6%	157.4	8%
Gross loans to customers	2,287.5	2,150.9	2,183.8	136.7	6%	103.7	5%
Corporate	2,124.0	1,976.8	1,987.7	147.2	7%	136.4	7%
Key/SME Corporates	1,962.4	1,819.3	1,697.2	143.1	8%	265.3	16%
Interest rate on Key/SME Corporates loans	1.82%	1.82%	1.87%	0.00 p.p.		-0.05 p.p.	
Investment banking*	0.2	0.1	0.1	-		-	
Restructuring and Workout	161.4	157.4	290.4	4.0	3%	-129.0	-44%
State	163.1	173.6	195.8	-10.5	-6%	-32.7	-17%
Interest rate on State loans	3.24%	1.88%	2.84%	1.36 p.p.		0.40 p.p.	
Deposits from customers	1,203.5	1,299.1	1,111.7	-95.6	-7%	91.8	8%
Interest rate on deposits	0.07%	0.07%	0.07%	0.00 p.p.		0.00 p.p.	
Non-performing loans (gross)	145.5	128.7	262.8	16.9	13%	-117.2	-45%

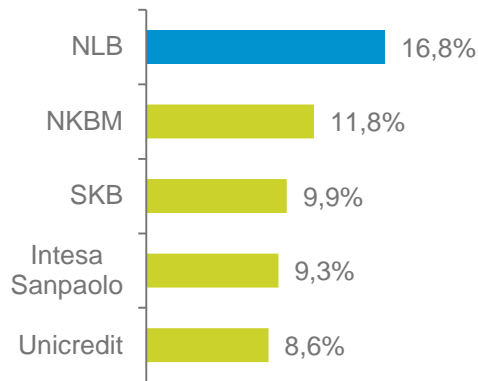
	1-3 2020	1-3 2019	Change YoY
Cost of risk (in bps) ⁽¹⁾	185	-62	247
CIR	51.9%	38.8%	13.2 p.p.
Interest margin	2.19%	2.38%	-0.19 p.p.

- The segment's **profit before tax** amounted to EUR 0.04 million, EUR 19.4 million decrease YoY. The decrease is mostly due to establishment of credit impairments and provisions due to COVID-19 outbreak in Q1 2020 and lower non-interest income due to a positive one-off effect of partial repayment of a larger exposure measured at fair value through profit and loss in Q1 2019.
- Net interest income** decreased EUR 1.4 million YoY, due to lower interest rates on loans, despite the EUR 103.7 million increase in **gross loans to customers** YoY (EUR 136.7 million YtD). Key and SME clients recorded a growth in gross loans (EUR 265.3 million), while gross loans in Restructuring and workout and gross loans to state recorded a decrease YoY (EUR -129.0 million and EUR -32.7 million respectively). YtD increase in corporate loans is partially linked to the COVID-19 situation (additional demand for working capital loans, revolving loans and limits for the daily liquidity).
- Net fee and commission income** increased EUR 0.5 million YoY (6%), mostly due to increase in fees from investment banking and higher income from fees on high deposits (EUR 0.7 million in Q1 2020).
- Total costs** increased EUR 0.3 million YoY.
- Impairments and provisions** were established in the amount of EUR 9.7 million due to additional credit impairments and provisions related to COVID-19 outbreak in Q1 2020.
- The **Investment Banking and Custody** recorded non-interest income in the amount of EUR 3.2 million and increased by EUR 0.7 million YoY. Total income growth is the result of a larger volume of transactions and tariff adjustments. The total value of assets under custody decreased to EUR 14.1 billion (EUR 14.8 billion at 2019 YE).

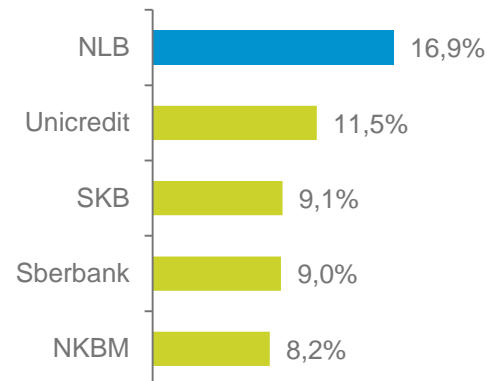
Corporate banking in Slovenia

High market shares across products⁽¹⁾

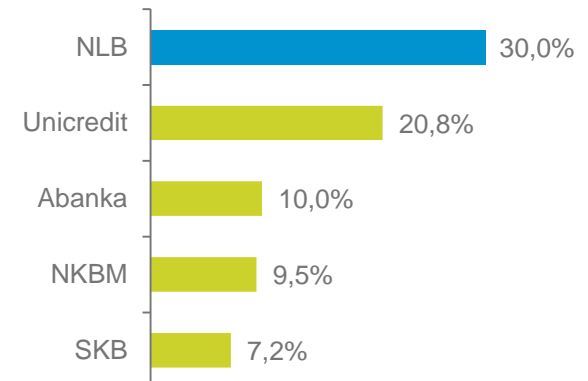
#1 in corporate and state loans



#1 in corporate and state deposits



#1 in guarantees and letters of credit



- Largest bank in the country with high capacity to lend to and service large clients serving over 9,000 corporate clients as of 31 March 2020.
- Competitive advantage in SME market due to largest branch network fueled the growth in Mid Corporate and Small Enterprises.
- Investment Banking being successful organizer of syndicated loans, and co-organizer of the Banks own subordinated bonds

Strong local corporate fee business, across merchant acquiring, investment banking and custody services

13.6 k⁽²⁾
POS terminals

37.6% market share⁽²⁾
in merchant acquiring

EUR 14.1 bn
assets under custody

Source: Bank of Slovenia, Company information

Note: (1) Data as per 31 Dec 2019 (latest available); (2) As of 31 March 2020;

Strategic foreign markets

in EUR million
consolidated

Strategic Foreign Markets

	1-3 2020	1-3 2019	Change YoY		Q1 2020	Q4 2019	Q1 2019	Change QoQ
Net interest income	39.8	38.6	1.2	3%	39.8	40.0	38.6	0%
Net non-interest income	13.0	12.5	0.5	4%	13.0	15.4	12.5	-16%
o/w Net fee and commission income	13.3	12.2	1.1	9%	13.3	14.5	12.2	-8%
Total net operating income	52.8	51.1	1.7	3%	52.8	55.4	51.1	-5%
Total costs	-27.6	-25.7	-1.8	-7%	-27.6	-29.1	-25.7	5%
Result before impairments and provisions	25.3	25.4	-0.1	0%	25.3	26.3	25.4	-4%
Impairments and provisions	-13.9	-3.2	-10.7	-	-13.9	-5.3	-3.2	-163%
Result before tax	11.3	22.2	-10.8	-49%	11.3	21.0	22.2	-46%
o/w Result of minority shareholders	1.2	2.0	-0.8	-41%	1.2	2.0	2.0	-43%

	31 Mar 2020	31 Dec 2019	31 Mar 2019	Change YtD		Change YoY	
Net loans to customers	3,086.7	3,024.6	2,753.6	62.1	2%	333.1	12%
Gross loans to customers	3,232.9	3,162.1	2,915.8	70.9	2%	317.2	11%
Individuals	1,632.3	1,603.8	1,466.7	28.5	2%	165.6	11%
<i>Interest rate on retail loans</i>	<i>6.48%</i>	<i>6.71%</i>	<i>6.80%</i>	<i>-0.23 p.p.</i>		<i>-0.32 p.p.</i>	
Corporate	1,494.8	1,470.3	1,364.6	24.5	2%	130.1	10%
<i>Interest rate on corporate loans</i>	<i>4.29%</i>	<i>4.49%</i>	<i>4.71%</i>	<i>-0.20 p.p.</i>		<i>-0.42 p.p.</i>	
State	105.9	88.0	84.4	17.9	20%	21.5	25%
<i>Interest rate on state loans</i>	<i>3.34%</i>	<i>4.00%</i>	<i>4.23%</i>	<i>-0.66 p.p.</i>		<i>-0.89 p.p.</i>	
Deposits from customers	3,825.7	3,856.7	3,466.1	-30.9	-1%	359.6	10%
<i>Interest rate on deposits</i>	<i>0.48%</i>	<i>0.53%</i>	<i>0.56%</i>	<i>-0.05 p.p.</i>		<i>-0.08 p.p.</i>	
Non-performing loans (gross)	111.5	111.6	146.2	-0.1	0%	-34.7	-24%







	1-3 2020	1-3 2019	Change YoY
Cost of risk (in bps) ⁽¹⁾	181	-10	191
CIR	52.1%	50.3%	1.8 p.p.
Interest margin	3.43%	3.71%	-0.28 p.p.

⁽¹⁾ Cost of risk for 2019 is adjusted to new methodology.

- The segment's **profit before tax** amounted to EUR 11.3 million, 49% decrease YoY, mostly due to established impairments and provisions due to COVID-19 outbreak.
- Increase of **net interest income** by EUR 1.2 million (3%) YoY was recorded due to higher volume (increase of gross loans to customers by 11% YoY), despite the decreasing trend of interest margins.
- **Net non-interest income** increased by EUR 0.5 million or 4% YoY while net fee and commission income increased by EUR 1.1 million or 9% YoY, mostly from retail segment.
- **Total costs** increased by EUR 1.8 million or 7% YoY, mostly due to increase in employee costs (EUR 0.8 million YoY).
- **Impairments and provisions** net established in the amount of EUR 13.9 million due to COVID-19 outbreak in Q1 2020.
- **Gross loans to customers** increased by EUR 70.9 million (2%) YtD due to increase in gross loans in all subsidiary banks, whereas the largest YoY increases were recorded in NLB Banka, Beograd (EUR 26.3 million), NLB Banka, Prishtina (EUR 15.0 million), and NLB Banka, Podgorica (EUR 14.3 million).

SEE banks continuing solid performance

- ✓ 3% growth of net interest income YoY
- ✓ Net non-interest income 3% higher YoY, mostly due to increase in net fee and commission income
- ✓ Growing credit portfolio in all markets, with aggregate deposits balance slight decrease YtD

	NLB Banka Skopje		NLB Banka Banja Luka		NLB Banka Sarajevo		NLB Banka Prishtina		NLB Banka Podgorica		NLB Banka Beograd		Total core banks ⁽¹⁾		
															
B/S (EURm)	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	Δ
Total assets	1,472	1,462	769	773	634	638	800	801	530	548	633	614	4,839	4,837	0%
Net loans to customers	921	915	413	412	404	399	552	540	360	346	438	412	3,087	3,025	2%
Deposits from customers	1,185	1,176	611	618	507	515	683	685	414	437	437	437	3,837	3,868	-1%
P&L (EURm)	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019	Δ
NII ⁽²⁾	12.1	12.4	4.5	4.8	4.5	4.4	8.2	7.4	5.2	4.8	5.4	4.9	39.8	38.6	3%
NNII ⁽²⁾	4.6	4.2	3.1	3.1	2.5	2.5	1.6	1.5	1.6	1.8	1.7	1.5	15.1	14.7	3%
OpEx	-6.7	-6.8	-3.5	-3.3	-3.8	-3.5	-3.1	-3.0	-3.4	-3.1	-4.9	-4.6	-25.4	-24.4	4%
PPI	10.0	9.8	4.1	4.5	3.2	3.4	6.7	5.9	3.4	3.4	2.1	1.8	29.5	28.9	2%
Result a.t.	5.4	8.0	1.7	6.2	1.1	3.0	2.8	5.0	0.7	0.0	0.6	1.4	12.4	23.6	-48%
Ratios	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019	1-3 2020	1-3 2019			
RoE a.t.	9.1%	14.8%	6.1%	25.9%	4.2%	13.5%	11.8%	25.8%	0.7%	-2.8%	1.5%	6.2%			
Net interest margin ⁽³⁾	3.43%	3.84%	2.41%	2.67%	2.95%	3.02%	4.12%	4.43%	4.16%	4.22%	3.64%	4.21%			
CIR	41.5%	42.4%	47.9%	43.9%	56.2%	52.8%	32.8%	34.4%	55.0%	52.0%	73.4%	76.1%			
LTD net	77.7%	80.6%	67.6%	63.8%	79.6%	77.9%	80.8%	81.4%	87.0%	83.2%	100.2%	94.2%			

NLB Banka, Skopje

NLB Banka AD Skopje

"on stand alone basis"

Key financial indicators

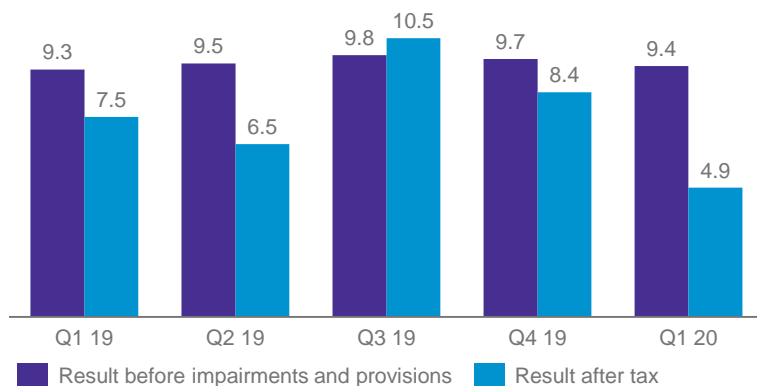
	1-3 2020		1-3 2019		Change YoY	
ROE a.t.	9.1%	14.8%	-5.6 p.p.			
Interest margin	3.43%	3.84%	-0.4 p.p.			
CIR	41.5%	42.4%	-0.8 p.p.			
Cost of risk net (bps)*	174	37	137			
LTD net	77.7%	80.6%	-2.9 p.p.			
Income statement						
in 000 EUR						
Total net operating income	16,114	16,120	-6	0.0%		
Net interest income	12,055	12,413	-358	-2.9%		
Net non-interest income	4,059	3,707	352	9.5%		
o/w net fees and commissions	3,538	3,561	-23	-0.6%		
Total costs	-6,693	-6,830	137	2.0%		
Employee costs	-3,558	-3,416	-142	-4.2%		
Other general and administrative expenses	-2,075	-2,332	257	11.0%		
Depreciation and amortization	-1,060	-1,082	22	2.0%		
Result before impairments and provisions	9,421	9,290	131	1.4%		
Impairments and provisions	-4,027	-946	-3,081	-		
Result after tax	4,853	7,502	-2,649	-35.3%		
Number of employees	883	878	5	0.6%		

* Calculated as credit impairments and provisions over average net loans to customers.

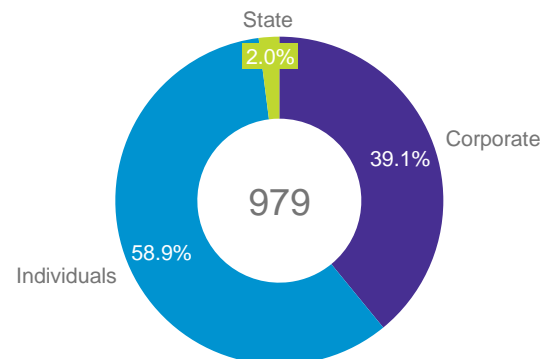
Balance sheet

	31 Mar 2020		31 Dec 2019		Change YtD	
in 000 EUR						
Total assets	1,471,752	1,462,306	9,446	0.6%		
Loans to customers (net)	920,807	915,149	5,658	0.6%		
Loans to customers (gross)	978,656	969,213	9,443	1.0%		
Gross loans to corporate	382,407	393,137	-10,730	-2.7%		
Gross loans to individuals	576,499	573,826	2,673	0.5%		
Gross loans to state	19,750	2,250	17,500	-		
Financial assets	242,280	242,360	-80	0.0%		
Deposits from customers	1,185,461	1,175,612	9,849	0.8%		
Deposits from corporate	311,393	314,598	-3,205	-1.0%		
Deposits from individuals	866,925	854,135	12,790	1.5%		
Deposits from state	7,143	6,879	264	3.8%		
NPL gross	51,833	48,311	3,522	7.3%		
% NPL	4.4%	4.2%	0.2 p.p.			
Capital (according to local legislation)						
Total capital ratio	16.3%	16.4%	-0.1 p.p.			

Result after tax and before impairments and provisions (EUR million)



Gross loans to customers split (31 mar 2020, % and EUR million)



NLB Banka, Banja Luka

NLB Banka A.D., Banja Luka

"on stand alone basis"

Key financial indicators

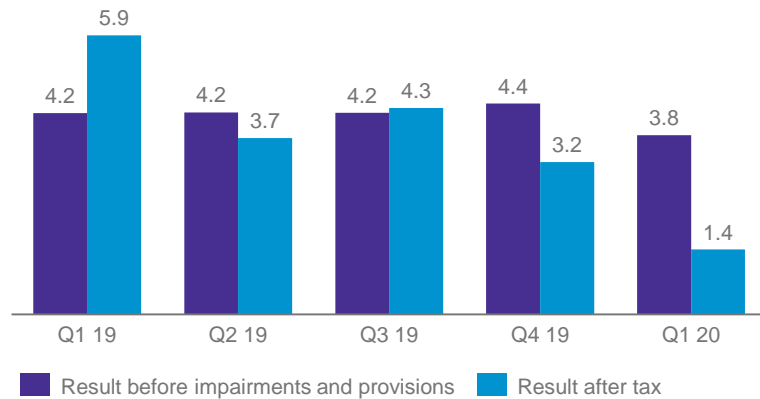
	1-3 2020		1-3 2019		Change YoY	
ROE a.t.	6.1%	25.9%	-19.8 p.p.			
Interest margin	2.41%	2.67%	-0.3 p.p.			
CIR	47.9%	43.9%	4.0 p.p.			
Cost of risk net (bps)*	184	-208	392			
LTD net	67.6%	63.8%	3.8 p.p.			
Income statement						
in 000 EUR						
	1-3 2020		1-3 2019		Change YoY	
Total net operating income	7,222	7,541	-319	-4.2%		
Net interest income	4,475	4,756	-281	-5.9%		
Net non-interest income	2,747	2,785	-38	-1.4%		
o/w net fees and commissions	2,829	2,579	250	9.7%		
Total costs	-3,457	-3,310	-147	-4.4%		
Employee costs	-2,188	-2,104	-84	-4.0%		
Other general and administrative expenses	-926	-871	-55	-6.3%		
Depreciation and amortization	-343	-335	-8	-2.4%		
Result before impairments and provisions	3,765	4,231	-466	-11.0%		
Impairments and provisions	-2,133	1,914	-4,047	-		
Result after tax	1,361	5,862	-4,501	-76.8%		
Number of employees	486	481	5	1.0%		

* Calculated as credit impairments and provisions over average net loans to customers.

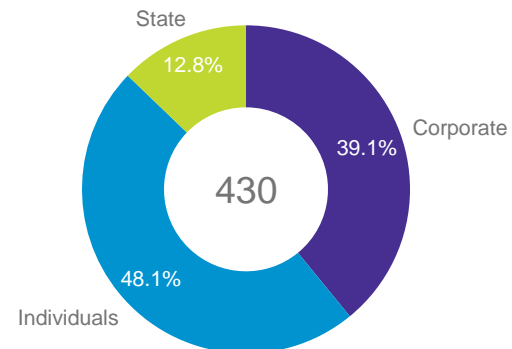
Balance sheet

	31 Mar 2020		31 Dec 2019		Change YtD	
in 000 EUR						
Total assets	769,339	773,410	-4,071	-0.5%		
Loans to customers (net)	412,847	411,739	1,108	0.3%		
Loans to customers (gross)	429,709	426,844	2,865	0.7%		
Gross loans to corporate	167,950	173,476	-5,526	-3.2%		
Gross loans to individuals	206,689	200,454	6,235	3.1%		
Gross loans to state	55,070	52,914	2,156	4.1%		
Financial assets	175,620	148,104	27,516	18.6%		
Deposits from customers	610,599	618,095	-7,496	-1.2%		
Deposits from corporate	130,606	145,915	-15,309	-10.5%		
Deposits from individuals	431,164	435,123	-3,959	-0.9%		
Deposits from state	48,829	37,057	11,772	31.8%		
NPL gross	7,584	7,620	-36	-0.5%		
% NPL	1.3%	1.3%	0.0 p.p.			
Capital (according to local legislation)						
Total capital ratio	17.7%	15.9%	1.8 p.p.			

Result after tax and before impairments and provisions (EUR million)



Gross loans to customers split (31 Mar 2020, % and EUR million)



NLB Banka, Sarajevo

NLB Banka d.d., Sarajevo

"on stand alone basis"

Key financial indicators

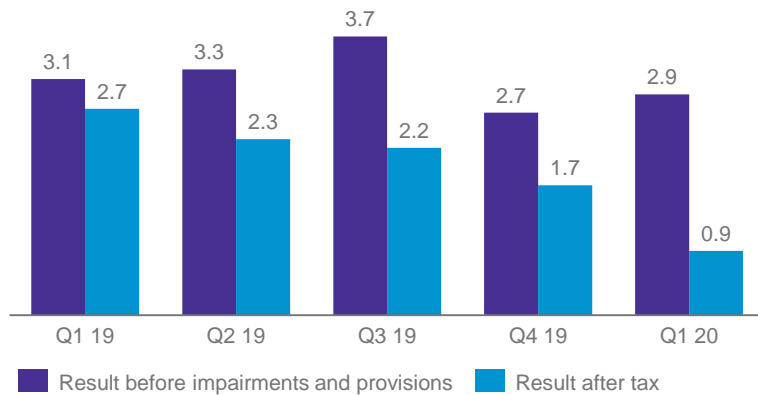
	1-3 2020		1-3 2019		Change YoY	
ROE a.t.	4.2%	13.5%	-9.4 p.p.			
Interest margin	2.95%	3.02%	-0.1 p.p.			
CIR	56.2%	52.8%	3.5 p.p.			
Cost of risk net (bps)*	199	-10	209			
LTD net	79.6%	77.9%	1.7 p.p.			
Income statement						
in 000 EUR						
	1-3 2020		1-3 2019		Change YoY	
Total net operating income	6,716	6,649	67	1.0%		
Net interest income	4,488	4,359	129	3.0%		
Net non-interest income	2,228	2,290	-62	-2.7%		
o/w net fees and commissions	2,229	2,010	219	10.9%		
Total costs	-3,776	-3,508	-268	-7.6%		
Employee costs	-2,106	-2,053	-53	-2.6%		
Other general and administrative expenses	-1,242	-1,109	-133	-12.0%		
Depreciation and amortization	-428	-346	-82	-23.7%		
Result before impairments and provisions	2,940	3,141	-201	-6.4%		
Impairments and provisions	-1,959	-40	-1,919	-		
Result after tax	856	2,748	-1,892	-68.9%		
Number of employees	443	449	-6	-1.3%		

* Calculated as credit impairments and provisions over average net loans to customers.

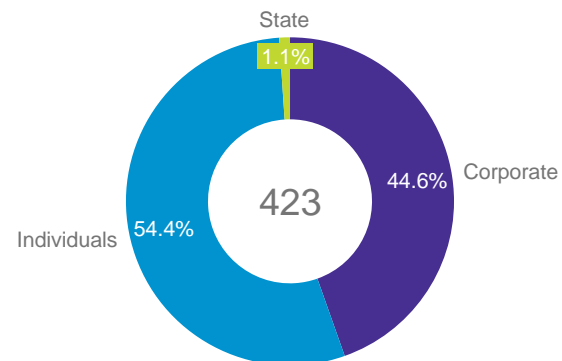
Balance sheet

	31 Mar 2020		31 Dec 2019		Change YtD	
in 000 EUR						
Total assets	633,814	637,739	-3,925	-0.6%		
Loans to customers (net)	403,625	399,299	4,326	1.1%		
Loans to customers (gross)	422,745	420,236	2,509	0.6%		
Gross loans to corporate	188,473	189,476	-1,003	-0.5%		
Gross loans to individuals	229,831	226,355	3,476	1.5%		
Gross loans to state	4,441	4,405	36	0.8%		
Financial assets	52,719	50,054	2,665	5.3%		
Deposits from customers	506,945	515,230	-8,285	-1.6%		
Deposits from corporate	133,400	134,566	-1,166	-0.9%		
Deposits from individuals	292,383	300,051	-7,668	-2.6%		
Deposits from state	81,162	80,613	549	0.7%		
NPL gross	15,204	18,582	-3,378	-18.2%		
% NPL	2.8%	3.3%	-0.5 p.p.			
Capital (according to local legislation)						
Total capital ratio	15.9%	16.0%	-0.1 p.p.			

Result after tax and before impairments and provisions (EUR million)



Gross loans to customers split (31 Mar 2020, % and EUR million)



NLB Banka, Prishtina

NLB Banka sh.a., Prishtine

"on stand alone basis"

Key financial indicators

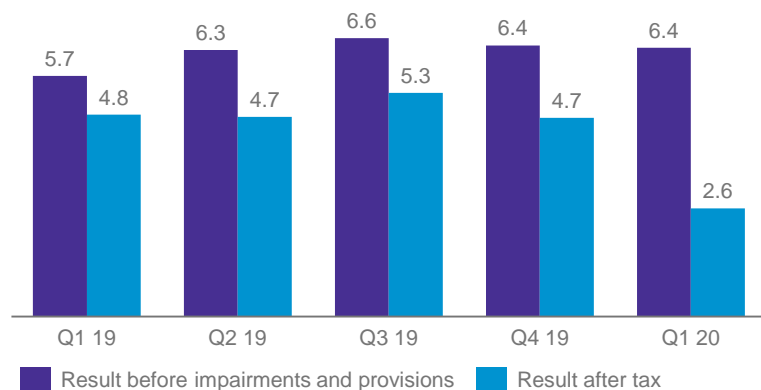
	1-3 2020		1-3 2019		Change YoY	
ROE a.t.	11.8%	25.8%	-14.0 p.p.			
Interest margin	4.12%	4.43%	-0.3 p.p.			
CIR	32.8%	34.4%	-1.6 p.p.			
Cost of risk net (bps)*	247	-6	253			
LTD net	80.8%	81.4%	-0.7 p.p.			
Income statement						
in 000 EUR						
	1-3 2020		1-3 2019		Change YoY	
Total net operating income	9,493	8,703	790	9.1%		
Net interest income	8,154	7,384	770	10.4%		
Net non-interest income	1,339	1,319	20	1.5%		
o/w net fees and commissions	1,977	1,575	402	25.5%		
Total costs	-3,118	-2,997	-121	-4.0%		
Employee costs	-1,676	-1,490	-186	-12.5%		
Other general and administrative expenses	-963	-1,061	98	9.2%		
Depreciation and amortization	-479	-446	-33	-7.4%		
Result before impairments and provisions	6,375	5,706	669	11.7%		
Impairments and provisions	-3,481	-363	-3,118	-		
Result after tax	2,567	4,787	-2,220	-46.4%		
Number of employees	470	470	0	0.0%		

* Calculated as credit impairments and provisions over average net loans to customers.

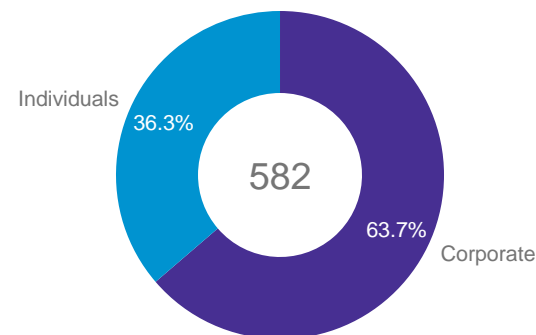
Balance sheet

	31 Mar 2020		31 Dec 2019		Change YtD	
in 000 EUR						
Total assets	800,270	801,085	-815	-0.1%		
Loans to customers (net)	551,648	540,073	11,575	2.1%		
Loans to customers (gross)	582,100	567,103	14,997	2.6%		
Gross loans to corporate	370,822	359,414	11,408	3.2%		
Gross loans to individuals	211,253	207,689	3,564	1.7%		
Gross loans to state	25	0	25	-		
Financial assets	75,074	77,977	-2,903	-3.7%		
Deposits from customers	683,093	685,385	-2,292	-0.3%		
Deposits from corporate	192,199	196,818	-4,619	-2.3%		
Deposits from individuals	479,167	476,546	2,621	0.5%		
Deposits from state	11,727	12,021	-294	-2.4%		
NPL gross	11,115	10,939	176	1.6%		
% NPL	1.6%	1.5%	0.0 p.p.			
Capital (according to local legislation)						
Total capital ratio	17.7%	16.4%	1.3 p.p.			

Result after tax and before impairments and provisions (EUR million)



Gross loans to customers split (31 Mar 2020, % and EUR million)



NLB Banka, Podgorica

NLB Banka a.d., Podgorica

"on stand alone basis"

Key financial indicators

	1-3 2020	1-3 2019	Change YoY	
ROE a.t.	0.7%	-2.8%	3.5 p.p.	
Interest margin	4.16%	4.22%	-0.1 p.p.	
CIR	55.0%	52.0%	3.0 p.p.	
Cost of risk net (bps)*	63	-21	84	
LTD net	87.0%	83.2%	3.8 p.p.	

Income statement

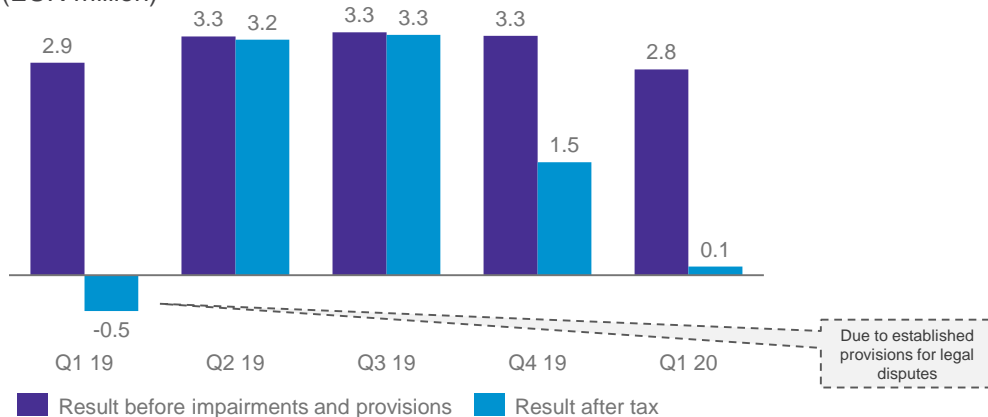
in 000 EUR	1-3 2020	1-3 2019	Change YoY	
Total net operating income	6,254	6,052	202	3.3%
Net interest income	5,231	4,788	443	9.3%
Net non-interest income	1,023	1,264	-241	-19.1%
o/w net fees and commissions	1,302	1,318	-16	-1.2%
Total costs	-3,440	-3,146	-294	-9.3%
Employee costs	-1,877	-1,809	-68	-3.8%
Other general and administrative expenses	-1,217	-958	-259	-27.0%
Depreciation and amortization	-346	-379	33	8.7%
Result before impairments and provisions	2,814	2,906	-92	-3.2%
Impairments and provisions	-2,668	-3,369	701	20.8%
Result after tax	117	-489	606	-
Number of employees	304	300	4	1.3%

* Calculated as credit impairments and provisions over average net loans to customers.

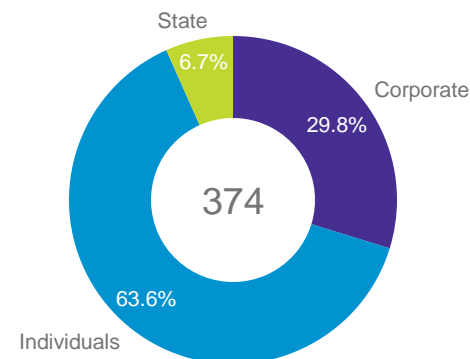
Balance sheet

in 000 EUR	31 Mar 2020	31 Dec 2019	Change YtD	
Total assets	530,339	548,483	-18,144	-3.3%
Loans to customers (net)	360,122	346,299	13,823	4.0%
Loans to customers (gross)	373,904	359,180	14,724	4.1%
Gross loans to corporate	111,294	100,961	10,333	10.2%
Gross loans to individuals	237,690	231,506	6,184	2.7%
Gross loans to state	24,920	26,713	-1,793	-6.7%
Financial assets	22,178	57,339	-35,161	-61.3%
Deposits from customers	413,792	436,545	-22,753	-5.2%
Deposits from corporate	126,064	135,396	-9,332	-6.9%
Deposits from individuals	270,659	283,091	-12,432	-4.4%
Deposits from state	17,069	18,058	-989	-5.5%
NPL gross	17,781	18,129	-348	-1.9%
% NPL	3.8%	4.0%	-0.2 p.p.	
Capital (according to local legislation)				
Total capital ratio	14.1%	15.0%	-0.8 p.p.	

Result after tax and before impairments and provisions (EUR million)



Gross loans to customers split (31 Mar 2020, % and EUR million)



NLB Banka, Beograd

NLB Banka a.d., Beograd

"on stand alone basis"

Key financial indicators

	1-3 2020	1-3 2019	Change YoY	
ROE a.t.	1.5%	6.2%	-4.7 p.p.	
Interest margin	3.64%	4.21%	-0.6 p.p.	
CIR	73.4%	76.1%	-2.6 p.p.	
Cost of risk net (bps)*	141	34	108	
LTD net	100.2%	94.2%	6.0 p.p.	

Income statement

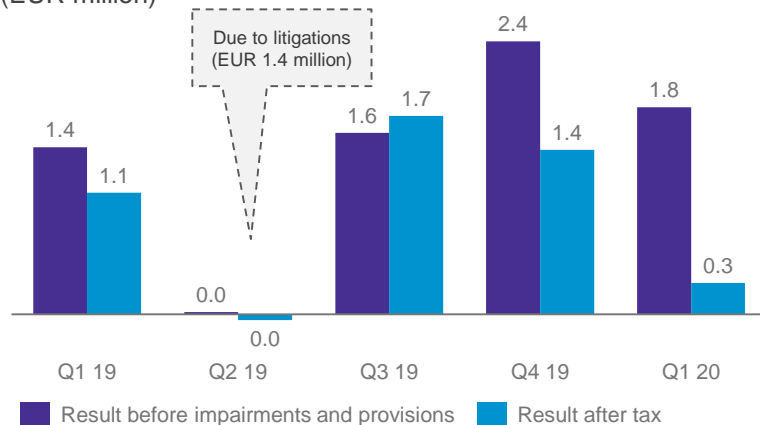
in 000 EUR	1-3 2020	1-3 2019	Change YoY	
Total net operating income	6,737	6,034	703	11.7%
Net interest income	5,407	4,913	494	10.1%
Net non-interest income	1,330	1,121	209	18.6%
o/w net fees and commissions	1,433	1,190	243	20.4%
Total costs	-4,948	-4,590	-358	-7.8%
Employee costs	-2,703	-2,477	-226	-9.1%
Other general and administrative expenses	-1,549	-1,452	-97	-6.7%
Depreciation and amortization	-696	-661	-35	-5.3%
Result before impairments and provisions	1,789	1,444	345	23.9%
Impairments and provisions	-1,519	-392	-1,127	-
Result after tax	270	1,052	-782	-74.3%
Number of employees	482	455	27	5.9%

* Calculated as credit impairments and provisions over average net loans to customers.

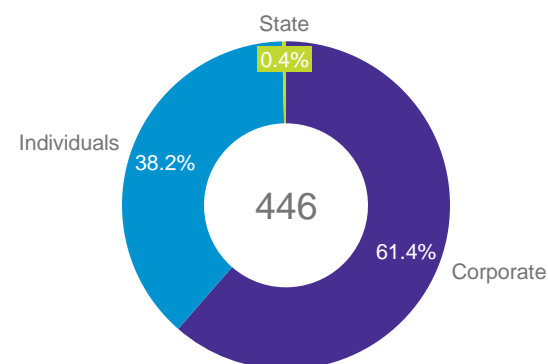
Balance sheet

in 000 EUR	31 Mar 2020	31 Dec 2019	Change YtD	
Total assets	633,203	614,268	18,935	3.1%
Loans to customers (net)	437,609	412,046	25,563	6.2%
Loans to customers (gross)	445,834	419,521	26,313	6.3%
Gross loans to corporate	273,827	253,842	19,985	7.9%
Gross loans to individuals	170,335	164,003	6,332	3.9%
Gross loans to state	1,672	1,676	-4	-0.2%
Financial assets	80,547	74,781	5,766	7.7%
Deposits from customers	436,628	437,268	-640	-0.1%
Deposits from corporate	190,460	186,376	4,084	2.2%
Deposits from individuals	242,231	249,021	-6,790	-2.7%
Deposits from state	3,937	1,871	2,066	110.4%
NPL gross	8,014	8,004	10	0.1%
% NPL	1.5%	1.6%	-0.1 p.p.	
Capital (according to local legislation)				
Total capital ratio	18.6%	19.5%	-0.8 p.p.	

Result after tax and before impairments and provisions (EUR million)



Gross loans to customers split (31 Mar 2020, % and EUR million)



Financial markets in Slovenia

in million EUR
consolidated

Financial Markets in Slovenia

	1-3 2020	1-3 2019	Change YoY		Q1 2020	Q4 2019	Q1 2019	Change QoQ
Net interest income	6.5	6.0	0.5	9%	6.5	8.4	6.0	-22%
Net non-interest income	1.2	2.1	-1.0	-45%	1.2	0.3	2.1	-
Total net operating income	7.7	8.1	-0.4	-5%	7.7	8.7	8.1	-11%
Total costs	-1.9	-1.7	-0.2	-10%	-1.9	-2.3	-1.7	19%
Result before impairments and provisions	5.8	6.4	-0.6	-9%	5.8	6.3	6.4	-8%
Impairments and provisions	0.0	-0.3	0.3	94%	0.0	0.0	-0.3	-
Result before tax	5.8	6.1	-0.3	-5%	5.8	6.4	6.1	-9%

	31 Mar 2020	31 Dec 2019	31 Mar 2019	Change YtD		Change YoY	
Balances with Central banks	1,082.0	1,044.1	666.3	37.9	4%	415.7	62%
Banking book securities	2,977.5	3,093.6	2,924.1	-116.1	-4%	53.4	2%
<i>Interest rate on banking book securities</i>	<i>0.80%</i>	<i>1.03%</i>	<i>1.10%</i>	<i>-0.23 p.p.</i>		<i>-0.30 p.p.</i>	
Wholesale funding ⁽¹⁾	161.5	161.6	244.0	-0.1	0%	-82.5	-34%
<i>Interest rate on wholesale funding⁽¹⁾</i>	<i>0.57%</i>	<i>0.50%</i>	<i>0.51%</i>	<i>0.07 p.p.</i>		<i>0.06 p.p.</i>	
Subordinated liabilities	286.6	210.6	-	76.1	36%	-	-
<i>Interest rate on subordinated liabilities</i>	<i>3.41%</i>	<i>4.03%</i>	-	-		-	

⁽¹⁾ Item includes only borrowings, till 30 June 2019 it included also deposits from banks.

- **Net interest income** EUR 0.5 million (9%) higher YoY, mostly due to balance sheet management strategy where key priority is de-stimulating of deposit collection due to over liquidity of the bank. FTP for collected deposits decreased, driving ALM expenses substantially lower. This effect was partly neutralized with lower income from the banking book securities portfolio.
- Lower **net non-interest income**, EUR 1.0 million YoY, mostly due to open FX position in HRK, AUD, NOK, RUB and CAD and volatility of those currencies on financial markets. This effect was partly neutralized with higher net interest income from money market deposits in foreign currencies.
- Increase in **balances with central banks** (EUR 415.7 million YoY and EUR 37.9 million YtD), while **Banking book securities** decreased substantially YtD (EUR - 116.1 million). Change in the position reflects measures related to management of credit spread risk exposure and regulatory capital optimization. Cashflow from due and sold securities and from raised subordinated debt was placed with the Central Bank.

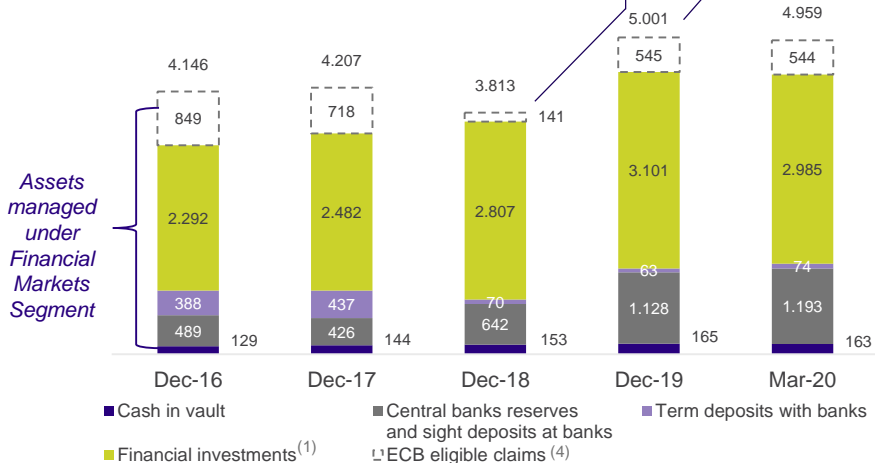
Financial markets in Slovenia

Strong liquidity position

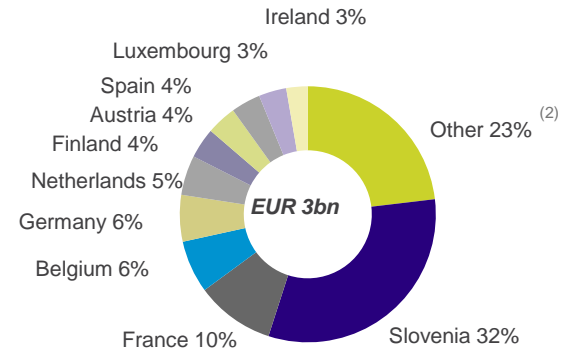
Liquid assets evolution (EURm)

The volume decreased due to the modification in ECB eligibility criterion adopted on 7 February 2018 in ECB Guideline (EU) 2018/570.

The volume of ECB eligible credit claims increased due to the modification in ECB eligibility criterion adopted on 10 May 2019 in ECB Guideline (EU) 2019/1032.



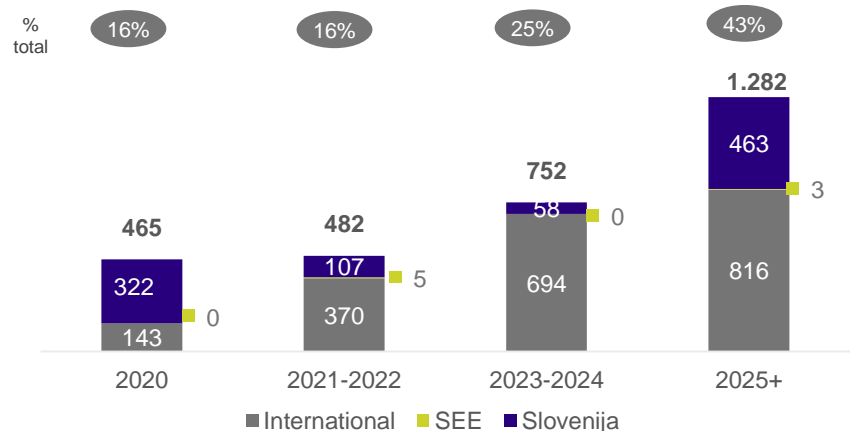
Well diversified banking book by geography (31 Mar 2020)



Well positioned and funded division

- Strong liquidity buffer provides solid base for future core growth consisting of liquid assets which are not encumbered for operational or regulatory purposes
- Banking book securities portfolio is well diversified in terms of asset class and geography to minimize concentration risk, and is invested predominantly in high quality issuers on prudent tenors
- Liquidity ratios (as of 31 Mar 2020): LCR 339% (NLB d.d.) and 304% (NLB Group); NSFR (preliminary) 158% (NLB d.d.) and 158% (NLB Group)

Maturity profile of banking book securities⁽³⁾ (31 Mar 2020, EURm)



Note: Numbers refer to NLB d.d. only; (1) Incl. trading and banking book securities; (2) Includes other European countries, US, Australia and Russian federation; (3) Including DARS bonds; (4) Loans booked under segment Corporate Banking Slovenia.

Non-core members

in EUR million
consolidated

Non-Core Members

	1-3 2020	1-3 2019	Change YoY		Q1 2020	Q4 2019	Q1 2019	Change QoQ
Net interest income	0.4	1.0	-0.6	-61%	0.4	0.6	1.0	-33%
Net non-interest income	1.0	2.9	-1.9	-65%	1.0	1.9	2.9	-45%
Total net operating income	1.4	3.9	-2.5	-64%	1.4	2.5	3.9	-43%
Total costs	-3.4	-3.2	-0.3	-9%	-3.4	-4.2	-3.2	18%
Result before impairments and provisions	-2.0	0.7	-2.8	-	-2.0	-1.7	0.7	-16%
Impairments and provisions	-0.2	0.7	-0.9	-	-0.2	-1.4	0.7	84%
Result before tax	-2.2	1.4	-3.7	-	-2.2	-3.2	1.4	29%

	31 Mar 2020	31 Dec 2019	31 Mar 2019	Change YtD		Change YoY	
Segment assets	158.7	169.5	216.9	-10.7	-6%	-58.2	-27%
Net loans to customers	60.2	67.4	103.8	-7.2	-11%	-43.6	-42%
Gross loans to customers	130.9	137.2	196.0	-6.3	-5%	-65.1	-33%
Investment property and property & equipment received for repayment of loans	74.5	75.6	85.4	-1.0	-1%	-10.9	-13%
Other assets	24.0	26.5	27.7	-2.5	-9%	-3.7	-14%
Non-performing loans (gross)	93.4	93.6	126.3	-0.2	0%	-32.9	-26%

	1-3 2020	1-3 2019 Change YoY	
Cost of risk (in bps) ⁽¹⁾	116	-243	359
CIR	242.8%	81.1%	161.8 p.p.

⁽¹⁾ Cost of risk for 2019 is adjusted to new methodology.

- A substantial decrease in **total assets** of the segment YoY (EUR 58.2 million) which is in line with the divestment strategy of the non-core segment, hence EUR 2.5 million YoY decrease of net operating income.
- The segment recorded EUR 2.2 million of **loss before tax**.
- Lower **net non-interest income** due to positive effect from contractual penalty (EUR 1.3 million) in Q1 2019.
- Additional impairments for credit risk.

Other

in EUR million
consolidated

Other

	1-3 2020	1-3 2019	Change YoY		Q1 2020	Q4 2019	Q1 2019	Change QoQ
Total net operating income	2.2	2.4	-0.2	-8%	2.2	2.2	2.4	1%
Total costs	-3.2	-2.5	-0.7	-30%	-3.2	-6.2	-2.5	48%
Result before impairments and provisions	-1.0	-0.1	-0.9	-	-1.0	-4.0	-0.1	75%
Impairments and provisions	0.1	0.0	0.1	-	0.1	-5.7	0.0	-
Result before tax	-0.9	-0.1	-0.8	-	-0.9	-9.7	-0.1	91%

- The segment Other recorded EUR 0.9 million of **loss before tax**, EUR 0.8 million decrease YoY.
- EUR 3.2 million of **total costs**, related mostly to IT, cash transport, external realization, restructuring costs and empty business premises. EUR 0.9 million increase YoY related mostly due to EUR 0.8 million higher IT costs (mostly licenses).




Appendix 2:


Macro Overview

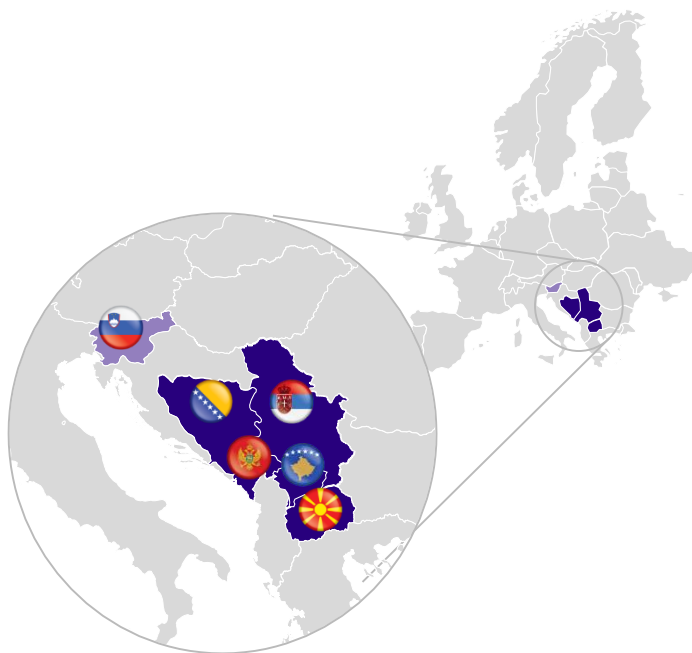
NLB Group – Macro overview


NLB d.d. & 6 subsidiary banks operate in Slovenia (EU member) & 5 SEE countries (convergence to EU)

Slovenia 	EUR
GDP (EURbn)	48.0
Real GDP growth (%)	2.4
Population (m)	2.1
Household indebtedness ⁽¹⁾	22.3%
Credit ratings (S&P / Moody's / Fitch)	AA- / Baa1 / A


Bosnia and Herzegovina ⁽²⁾ 	EUR ⁽³⁾
GDP (EURbn)	18.3
Real GDP growth (%)	2.6
Population (m)	3.5
Household indebtedness ⁽¹⁾	28.4%
Credit ratings (S&P / Moody's / Fitch)	B / B3 / n.a.

Montenegro 	EUR
GDP (EURbn)	4.9
Real GDP growth (%)	3.6
Population (m)	0.6
Household indebtedness ⁽¹⁾	27.4%
Credit ratings (S&P / Moody's / Fitch)	B+ / B1 / n.a.



Serbia 	RSD
GDP (EURbn)	45.9
Real GDP growth (%)	4.2
Population (m)	7.0
Household indebtedness ⁽¹⁾	20.4%
Credit ratings (S&P / Moody's / Fitch)	BB+ / Ba3 / BB+

Kosovo 	EUR
GDP (EURbn)	7.1
Real GDP growth (%)	4.2
Population (m)	1.8
Household indebtedness ⁽¹⁾	15.5%
Credit ratings (S&P / Moody's / Fitch)	n.a. / n.a. / n.a.

North Macedonia 	MKD
GDP (EURbn)	11.3
Real GDP growth (%)	3.6
Population (m)	2.1
Household indebtedness ⁽¹⁾	24.5%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+



Source: Central banks, National Statistics Offices, FocusEconomics, NLB.

Note: GDP volume and growth for 2019; (1) Includes households loans as % of GDP, Q4 2019, annualized; (2) Bosnia and Herzegovina is comprised of 2 entities, The Federation of Bosnia and Herzegovina and Republika Srpska; (3) Official currency is BAM – Bosnia-Herzegovina Convertible Mark, pegged to EUR.

Macro Overview

Economic data

- The COVID-19 outbreak has deeply affected economies, causing shocks on both sides, supply and demand.
- The economic growth in the Group's region could contract by around -4.5% this year due to the virus outbreak.
- If the outbreak is not put under control and the lockdowns lifted by the end of May 2020, more severe recession could be expected.

Fiscal data

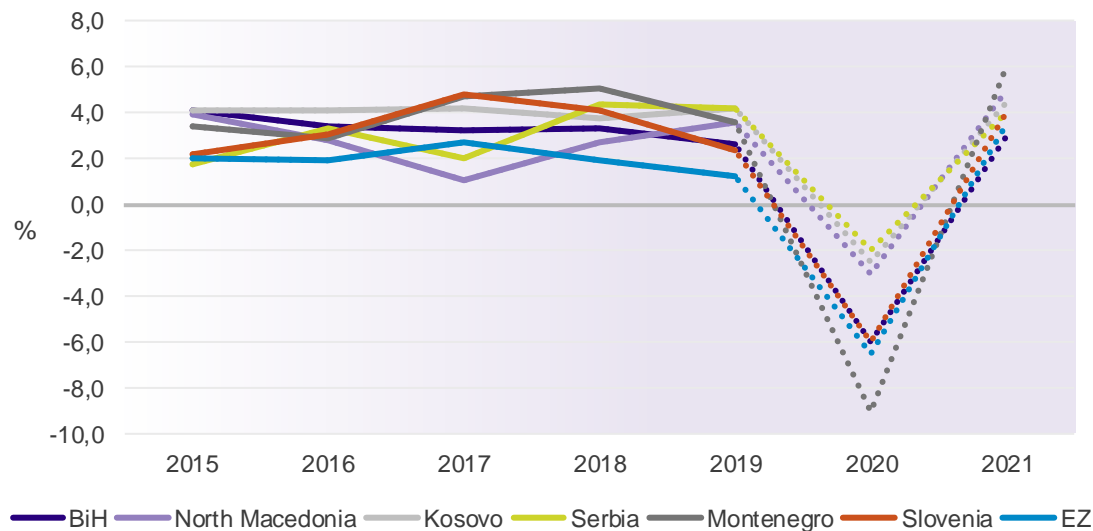
- Adopted enormous fiscal measures are meant to help the companies and households to overcome the economic shock caused by the coronavirus outbreak.
- Fiscal measures will be mostly financed by government budgets, which will force them into borrowing, which will in turn increase their public debts.

Monetary data

- Monetary measures aiming to ensure enough liquidity and smooth operations in the money markets and among financial intermediaries are being implemented.
- Fed, ECB and other major central banks, have provided major stimulus on COVID-19 shock and expressed their "whatever it takes" commitments.

Macro Overview – Economic data

Real GDP growth, %



KEY FINDINGS:

Highest contraction of economic growth in 2020 is expected in **Montenegro** (-9%) due to its dependency to highly affected tourist sector, followed by **Bosnia and Herzegovina** and **Slovenia** (-6%).

The economic growth in the **Group's region** could contract by around -4.5% this year due to the virus outbreak, if the outbreak is put under control and the lockdowns lifted by the end of May 2020, else deeper recession could be expected.

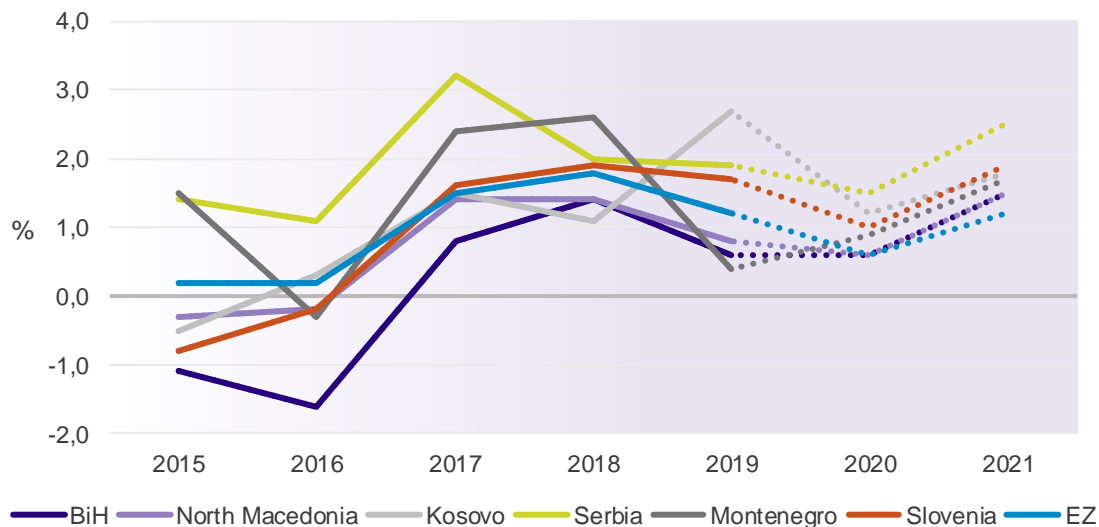
Real GDP growth, %	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	4.1	3.4	3.2	3.3	2.6	-6.0	3.0
North Macedonia	3.9	2.8	1.1	2.7	3.6	-3.0	5.0
Kosovo	4.1	4.1	4.2	3.8	4.2	-2.5	4.5
Serbia	1.8	3.3	2.0	4.4	4.2	-2.0	4.0
Montenegro	3.4	2.9	4.7	5.1	3.6	-9.0	6.0
Slovenia	2.2	3.1	4.8	4.1	2.4	-6.0	4.0
Eurozone	2.0	1.9	2.7	1.9	1.2	-6.5	3.5

Sources: Statistical Offices, NLB

Note: NLB Forecast for 2020 and 2021

Macro Overview – Economic data

Average inflation rate, %



KEY FINDINGS:

Due to shocks on both sides, supply and demand, along with low oil prices, it is expected **low inflationary environment** in 2020.

Since the uncertainty and low-inflationary expectation exist, the producers are forced to keep low prices, while the consumers are precautionary, which is resulting in **the low-inflationary spiral**.

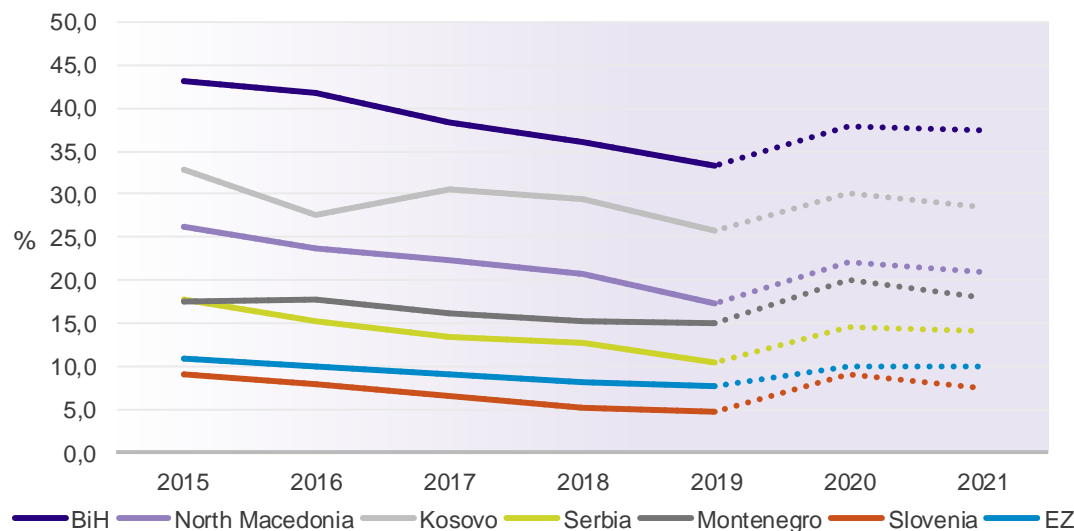
Average inflation rate, %	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	-1.1	-1.6	0.8	1.4	0.6	0.6	1.5
North Macedonia	-0.3	-0.2	1.4	1.4	0.8	0.6	1.5
Kosovo	-0.5	0.3	1.5	1.1	2.7	1.2	1.8
Serbia	1.4	1.1	3.2	2.0	1.9	1.5	2.5
Montenegro	1.5	-0.3	2.4	2.6	0.4	0.9	1.7
Slovenia	-0.8	-0.2	1.6	1.9	1.7	1.0	1.9
Eurozone	0.2	0.2	1.5	1.8	1.2	0.6	1.2

Sources: Statistical Offices, NLB

Note: NLB Forecast for 2020 and 2021

Macro Overview – Economic data

Unemployment rate, %



KEY FINDINGS:

Due to the global Covid-19 shock, the **unemployment is projected to increase vastly** all around the world and in the Group's region as well.

If the scenario that the outbreak is put under control and the lockdowns are lifted by the end of May 2020 holds, the economic growth will follow in 2021 and unemployment rate could start gradually diminishing.

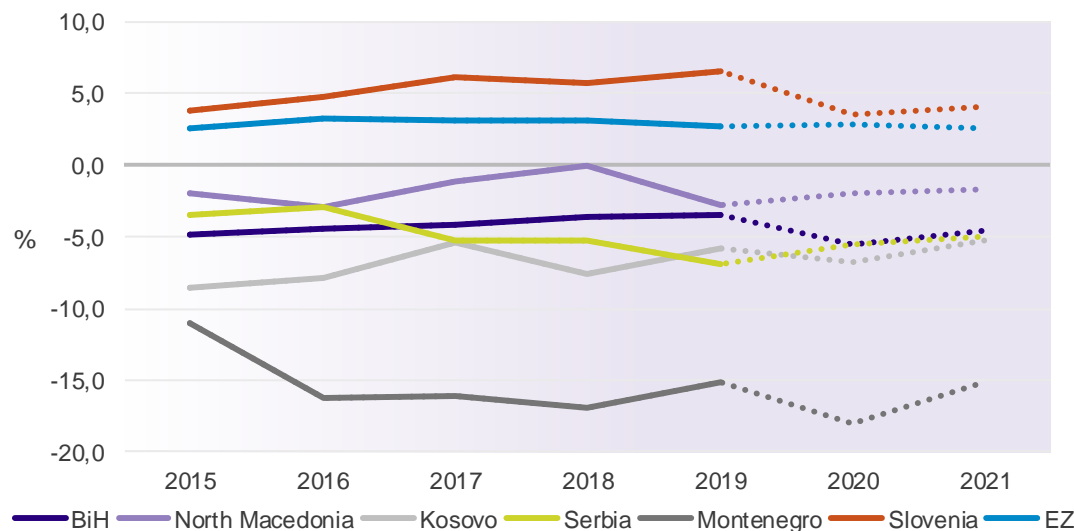
Unemployment rate, %	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	43.2	41.7	38.4	36.0	33.3	38.0	37.5
North Macedonia	26.1	23.7	22.4	20.7	17.3	22.0	21.0
Kosovo	32.9	27.5	30.5	29.5	25.7	30.0	28.5
Serbia	17.7	15.3	13.5	12.7	10.4	14.5	14.0
Montenegro	17.6	17.7	16.1	15.2	15.1	20.0	18.0
Slovenia	9.0	8.0	6.6	5.1	4.6	9.0	7.5
Eurozone	10.9	10.0	9.1	8.2	7.6	10.0	10.0

Sources: Statistical Offices, NLB

Note: NLB Forecast for 2020 and 2021

Macro Overview – Economic data

Current account, % GDP



KEY FINDINGS:

Current accounts will slightly deteriorate in the Group's region in 2020.

Trade deficits and surpluses are being affected on both sides with stalled imports and exports.

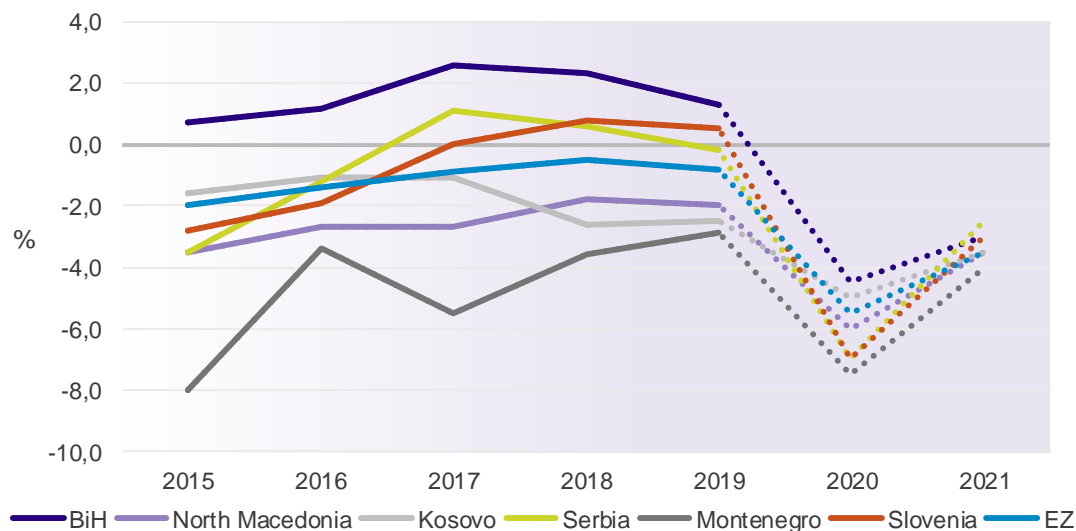
Current Account, % GDP	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	-4,9	-4,5	-4,2	-3,6	-3,5	-5,6	-4,6
North Macedonia	-1,9	-2,9	-1,1	-0,1	-2,8	-1,9	-1,7
Kosovo	-8,6	-7,9	-5,4	-7,6	-5,8	-6,8	-5,2
Serbia	-3,5	-2,9	-5,2	-5,2	-6,9	-5,5	-5,0
Montenegro	-11,0	-16,2	-16,1	-17,0	-15,2	-18,1	-15,2
Slovenia	3,8	4,8	6,1	5,7	6,6	3,5	4,1
Eurozone	2,6	3,3	3,1	3,1	2,7	2,8	2,6

Sources: Statistical Offices, NLB

Note: NLB Forecast for 2020 and 2021

Macro Overview – Fiscal data

Fiscal Balance, % GDP



KEY FINDINGS:

Fiscal measures for countervailing the virus outbreak will be mostly financed by **government budgets**, which will force them into borrowing, which will in turn increase their public debts.

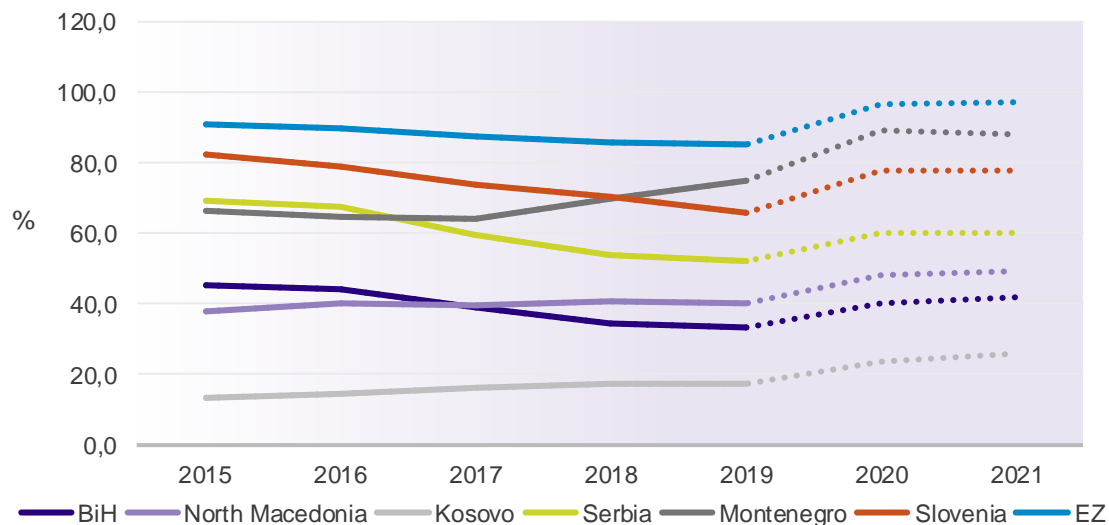
Fiscal balance, % GDP	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	0.7	1.2	2.6	2.3	1.3	-4.5	-3.0
North Macedonia	-3.5	-2.7	-2.7	-1.8	-2.0	-6.0	-3.5
Kosovo	-1.6	-1.1	-1.1	-2.6	-2.5	-5.0	-3.5
Serbia	-3.5	-1.2	1.1	0.6	-0.2	-7.0	-2.5
Montenegro	-8.0	-3.4	-5.5	-3.6	-2.9	-7.5	-4.0
Slovenia	-2.8	-1.9	0.0	0.8	0.5	-7.0	-3.0
Eurozone	-2.0	-1.4	-0.9	-0.5	-0.8	-5.5	-3.5

Sources: Statistical Offices, NLB

Note: NLB Forecast for 2020 and 2021

Macro Overview – Fiscal data

Public Debt, % GDP



KEY FINDINGS:

Public debt will increase in the whole Group's region, since the medical and fiscal measures will be financed by the governments budgets and borrowing.

Public debts spanned in 2019 from very low in Kosovo (17.5%) up to 75% in Montenegro, hence setting them in different positions regarding the **free fiscal space** for borrowing.

Public debt will increase by around 6 p.p. up to 14 p.p. in 2020 in the Group's region.

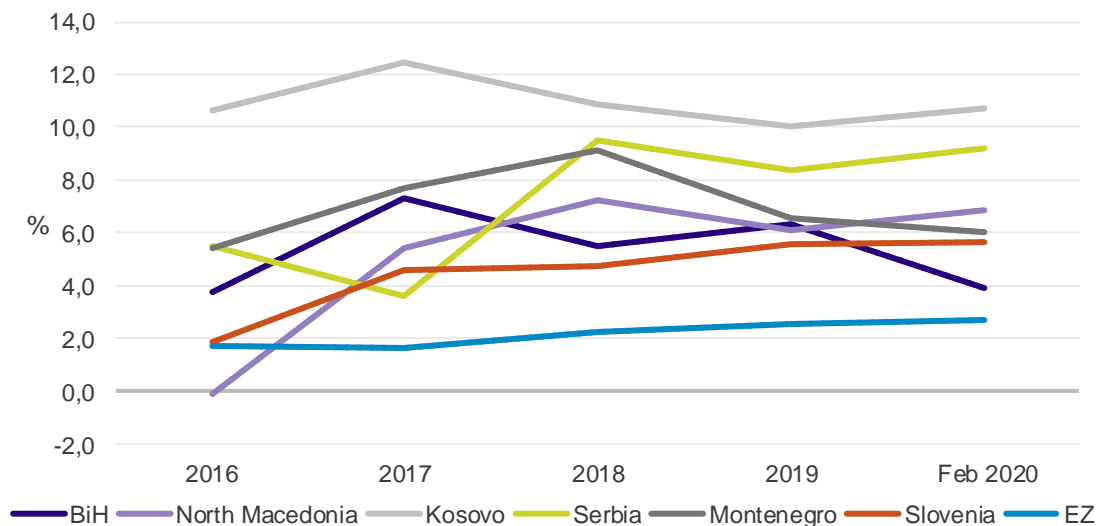
Public debt, % GDP	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	45.5	44.1	39.2	34.3	33.3	40.0	42.0
North Macedonia	38.1	39.9	39.4	40.6	40.2	48.0	49.0
Kosovo	13.1	14.4	16.2	17.1	17.5	23.5	26.0
Serbia	69.5	67.6	59.3	53.7	52.0	60.0	60.0
Montenegro	66.2	64.4	64.2	70.1	75.1	89.5	88.0
Slovenia	82.6	78.7	74.1	70.4	66.1	78.0	78.0
Eurozone	90.8	90.0	87.8	85.9	85.0	96.5	97.0

Sources: Statistical Offices, NLB

Note: NLB Forecast for 2020 and 2021

Macro Overview – Monetary data

Loans growth (NFC + Households), %



KEY FINDINGS:

In February 2020, the levels of credit growth are still unaffected by Covid-19 outbreak.

Kosovo (10.7%) and **Serbia** (9.2%) leading the credit growth in the region in February 2020.

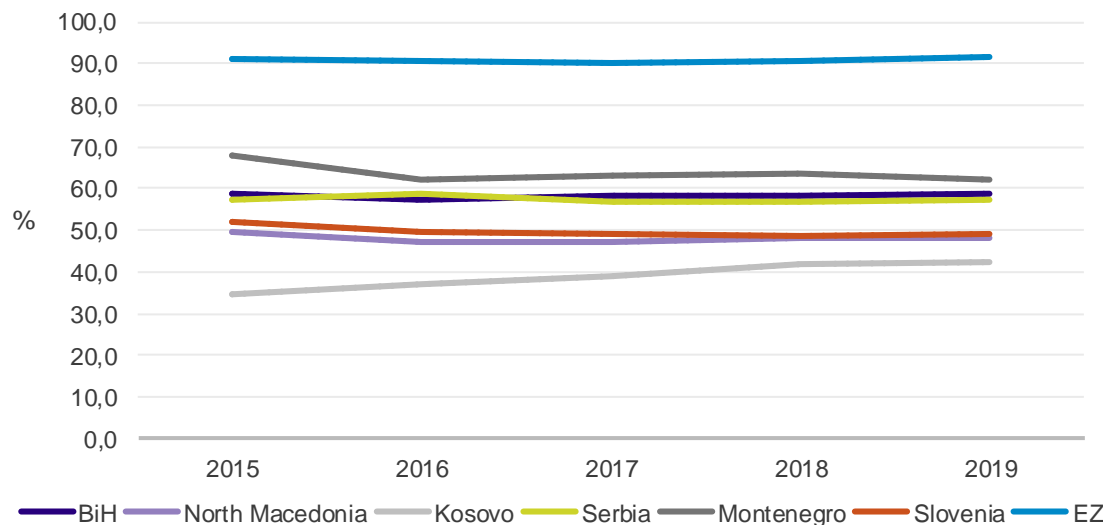
Loan growth (NFC + Households), %

	2015	2016	2017	2018	2019	Feb 2020
Bosnia and Herzegovina	2.4	3.8	7.3	5.5	6.3	3.9
North Macedonia	9.6	-0.1	5.4	7.2	6.1	6.8
Kosovo	7.3	10.6	12.4	10.9	10.0	10.7
Serbia	3.3	5.5	3.6	9.5	8.4	9.2
Montenegro	2.5	5.4	7.7	9.1	6.6	6.0
Slovenia	-5.1	1.8	4.6	4.7	5.6	5.7
Eurozone	0.8	1.7	1.7	2.3	2.5	2.7

Sources: National Central Banks, ECB, Own calculations

Macro Overview – Monetary data

Total Loans (NBS), % GDP



KEY FINDINGS:

Entire region below Eurozone average with a solid growth potential.

Stable loans to GDP ratio in **BiH, North Macedonia** and **Serbia**.

In **Slovenia**, the negative trend stabilized in 2019. In **Montenegro**, the ratio is continuing to fall. In **Kosovo**, the share of loans in GDP is steadily increasing, but still the lowest among peers.

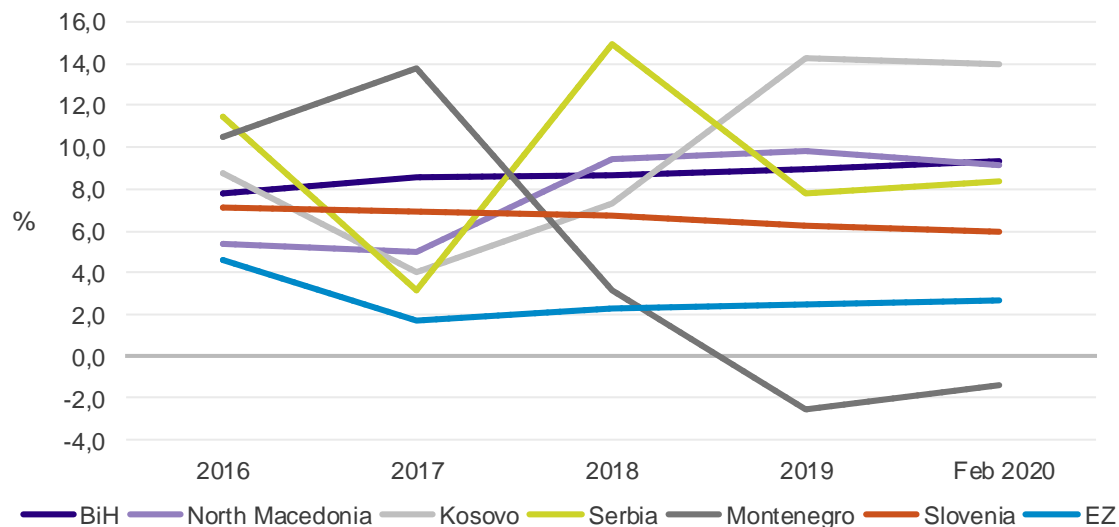
Total Loans as % of GDP	2014	2015	2016	2017	2018	2019
Bosnia and Herzegovina	60.1	58.9	57.3	58.3	58.2	58.9
North Macedonia	48.6	49.8	47.0	47.4	48.1	48.2
Kosovo	33.5	34.9	37.1	39.2	41.9	42.5
Serbia	56.7	57.5	58.7	56.8	57.0	57.5
Montenegro	69.6	67.8	62.1	63.2	63.6	62.1
Slovenia	58.3	52.3	49.5	49.3	48.6	49.0
Eurozone	92.0	91.4	90.8	90.1	90.5	91.7

Sources: National Central Banks, ECB, Own calculations

Note: Eurozone Total loans includes only NFC + Households loans

Macro Overview – Monetary data

Deposits growth (NFC + Households), %



KEY FINDINGS:

In February 2020, the levels of deposit growth are still unaffected by Covid-19 outbreak.

Kosovo (14.0%) leads the deposit growth in the region in February 2020, followed by strong growth of other countries in the region.

An exception is **Montenegro**, which is the only country with the negative growth in 2019 and February 2020. Its growth was influenced by the exclusion of deposits from Invest Bank and Atlas Bank due to their bankruptcy proceedings.

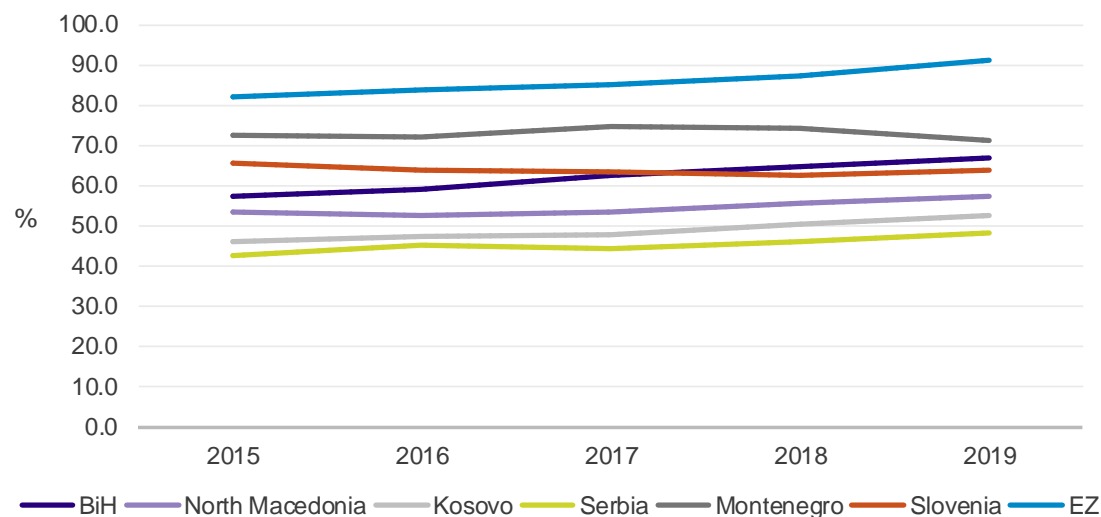
Deposit growth (NFC + Households), %

	2015	2016	2017	2018	2019	Feb 2020
Bosnia and Herzegovina	8.2	7.8	8.6	8.7	9.0	9.3
North Macedonia	6.4	5.4	5.0	9.5	9.8	9.1
Kosovo	7.4	8.7	4.1	7.3	14.3	14.0
Serbia	7.1	11.5	3.1	14.9	7.8	8.4
Montenegro	11.8	10.5	13.7	3.2	-2.5	-1.4
Slovenia	5.6	7.1	6.9	6.8	6.3	6.0
Eurozone	3.0	4.6	1.7	2.3	2.5	2.7

Sources: National Central Banks, ECB, Own calculations

Macro Overview – Monetary data

Total Deposits (NBS), % GDP



KEY FINDINGS:

In 2019, growing deposits to GDP ratio in the whole region with the exception of **Montenegro**, though in the latter the ratio is still above its peers in the region.

Across the whole region the share of deposits in GDP is lower than in Eurozone.

Total Deposits as % of GDP	2014	2015	2016	2017	2018	2019
Bosnia and Herzegovina	55.8	57.5	59.0	62.6	64.5	67.6
North Macedonia	53.1	53.4	52.5	53.2	55.7	57.5
Kosovo	45.3	46.1	47.5	47.8	50.6	54.0
Serbia	41.7	42.7	45.1	44.3	46.1	48.3
Montenegro	65.9	72.4	72.2	74.8	74.1	71.4
Slovenia	65.9	65.5	63.8	63.4	62.7	63.8
Eurozone	80.9	82.1	83.9	85.3	87.1	91.2

Sources: National Central Banks, ECB, Own calculations

Note: Eurozone Total deposits includes only NFC + Households deposits; For Montenegro, deposits data excludes deposits with Invest Bank and Atlas Bank, according to CBCG



Appendix 3

Financial statements

NLB Group Income Statement

(EURm)	1-3 2020	1-3 2019	YoY	Q1 2020	Q4 2019	Q1 2019	QoQ
Interest and similar income	90.6	90.4	0%	90.6	92.1	90.4	-2%
Interest and similar expense	-13.2	-11.1	-19%	-13.2	-12.4	-11.1	-6%
Net interest income	77.4	79.4	-3%	77.4	79.7	79.4	-3%
Fee and commission income	57.8	53.8	7%	57.8	61.3	53.8	-6%
Fee and commission expense	-15.4	-13.8	-12%	-15.4	-17.8	-13.8	13%
Net fee and commission income	42.4	40.1	6%	42.4	43.5	40.1	-2%
Dividend income	0.0	0.1	-86%	0.0	0.0	0.1	-35%
Net income from financial transactions	3.8	12.3	-69%	3.8	5.8	12.8	-35%
Other operating income	0.2	2.7	-91%	0.2	0.8	2.7	-71%
Total net operating income	123.8	134.5	-8%	123.8	129.8	134.5	-5%
Employee costs	-42.9	-40.1	-7%	-42.9	-48.0	-40.1	11%
Other general and administrative expenses	-23.7	-21.9	-8%	-23.7	-32.3	-21.9	27%
Depreciation and amortisation	-8.1	-7.7	-4%	-8.1	-7.7	-7.7	-5%
Total costs	-74.6	-69.7	-7%	-74.6	-88.0	-69.7	15%
Result before impairments and provisions	49.2	64.8	-24%	49.2	41.9	64.8	17%
Impairments and provisions for credit risk	-28.2	3.3	-	-28.2	-2.3	3.3	-
Other impairments and provisions	-0.2	-3.9	95%	-0.2	-8.4	-3.9	98%
Gains less losses from capital investments in subsidiaries, associates and joint ventures	0.2	1.1	-81%	0.2	0.0	1.1	-
Result before Tax	21.0	65.3	-68%	21.0	31.2	65.3	-32%
Income tax expense	-1.6	-5.4	71%	-1.6	2.2	-5.4	-
Non Controlling Interests	1.2	2.0	-41%	1.2	2.0	2.0	-43%
Net Profit / (Loss) Attributable to Shareholders	18.3	57.9	-68%	18.3	31.3	57.9	-42%

NLB Group Statement of Financial Position

(EURm)	31 Mar 2020	31 Dec 2019	YtD
ASSETS			
Cash and balances with Central Banks and other demand deposits at banks	2,095.4	2,101.3	0%
Financial instruments	3,711.3	3,829.7	-3%
<i>o/w Trading Book</i>	25.6	24.0	6%
<i>o/w Non-trading Book</i>	3,685.7	3,805.7	-3%
Loans and advances to banks (net)	93.6	93.4	0%
<i>o/w gross loans</i>	93.7	93.5	0%
<i>o/w impairments</i>	-0.1	-0.1	13%
Loans and advances to customers	7,759.8	7,604.7	2%
<i>o/w gross loans</i>	8,125.6	7,938.3	2%
- Corporates	3,823.6	3,646.3	5%
- State	286.0	278.6	3%
- Individuals	4,016.1	4,013.5	0%
<i>o/w impairments and valuation</i>	-365.8	-333.6	10%
Investments in associates and JV	7.7	7.5	3%
Goodwill	3.5	3.5	0%
Other intangible assets	34.4	36.0	-5%
Property, plant and equipment	193.3	195.6	-1%
Investment property	52.2	52.3	0%
Other assets	337.2	250.0	35%
Total Assets	14,288.3	14,174.1	1%
LIABILITIES & EQUITY			
Deposits from banks and central banks	63.1	42.8	47%
Deposits from customers	11,652.9	11,612.3	0%
- Corporates	2,641.7	2,772.0	-5%
- State	282.5	257.4	10%
- Individuals	8,728.6	8,582.9	2%
Borrowings	232.5	234.8	-1%
Subordinated liabilities	286.6	210.6	36%
Other liabilities	328.4	342.6	-4%
Total Liabilities	12,563.6	12,443.2	1%
Shareholders' Equity	1,678.9	1,685.9	0%
Non Controlling Interests	45.9	45.0	2%
Total Equity	1,724.7	1,730.9	0%
Total Liabilities & Equity	14,288.3	14,174.1	1%